

**CAMDEBOO MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**INDEX**

<b>NO</b>	<b>CONTENTS</b>	<b>PAGE</b>
1	GENERAL INFORMATION AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS	1
2	MEMBERS OF THE COUNCIL	3
3	AUDIT REPORT	4
4	REPORT OF THE CHIEF FINANCIAL OFFICER	5
5	STATEMENT OF FINANCIAL POSITION	12
6	STATEMENT OF FINANCIAL PERFORMANCE	13
7	STATEMENT OF CHANGES IN NET ASSETS	14
8	CASH FLOW STATEMENT	15
9	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	16
10	ACCOUNTING POLICIES	35
11	NOTES TO THE FINANCIAL STATEMENTS	41
	APPENDICES	
12	A - ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	80
13	B - SEGMENTAL ANALYSIS OF CAPITAL ASSETS	81
14	C - SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED	82
15	D(1) - RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED	83
16	D(2) - RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED	84
17	E - DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003	85

**CAMDEBOO MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2014**

**GENERAL INFORMATION**

**MAYOR**

Cllr Hanna Makoba

**SPEAKER**

Cllr Hanna Makoba

**OTHER MEMBERS OF THE MAYORAL COMMITTEE**

Cllr. D.J. Coetzee	1	Cllr. H. Makoba
Cllr. F.E Sigonyela	2	Cllr. E. Ruiters
Cllr. A.F. Pannies	3	Cllr. T.J.C. Eksteen
Cllr. A.D. Gradwell	4	Cllr. A. Booysen
Cllr. J.D. Swemmer	5	Cllr. T. Nonnies
Cllr. M.B. Meishik	6	Cllr. S.J. Jankovich
Cllr. A.R Knott-Craig	7	Cllr. I.J. van Zyl

**ADDRESS OF THE CAMDEBOO LOCAL MUNICIPALITY**

12 - 14 Caledon Street	P.O Box 71
Graaff - Reinet	Graaff - Reinet
6280	6280

**GRADING OF THE LOCAL AUTHORITY**

Grade 3

**EXTERNAL AUDITORS**

Office of the Auditor General (East London)  
69 Frere Road  
Vincent  
East London

**PRIMARY BANKER**

First National Bank

**MUNICIPAL MANAGER**

Mr Noel Pietersen  
049 807 5900  
pieterssenmn@camdeboo.gov.za

**CAMDEBOO MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2014


**GENERAL INFORMATION**

**CHIEF FINANCIAL OFFICER**

Mr Jimmy Joubert  
049 807 5736  
083 284 9807  
joubertj@camdeboo.gov.za

**APPROVAL OF FINANCIAL STATEMENTS**

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 13 to 87, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

  
\_\_\_\_\_  
NOEL PETERSEN  
MUNICIPAL MANAGER  
31 August 2014  
\_\_\_\_\_  
JIMMY JOUBERT  
CHIEF FINANCIAL OFFICER  
31 August 2014

**CAMDEBOO MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**MEMBERS OF THE COUNCIL**

COUNCILLORS	WARD	PROPORTIONAL COUNCILLORS
Cllr. D.J. Coetzee	1	Cllr. H. Makoba
Cllr. F.E Sigonyela	2	Cllr. E. Ruiters
Cllr. A.F. Pannies	3	Cllr. T.J.C. Eksteen
Cllr. A.D. Gradwell	4	Cllr. A. Booysen
Cllr. J.D. Swemmer	5	Cllr. T. Nonnies
Cllr. M.B. Meishik	6	Cllr. S.J. Jankovich
Cllr. A.R Knott-Craig	7	Cllr. I.J. van Zyl

**CERTIFICATION OF REMUNERATION OF COUNCILLORS**

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution of the Republic of South Africa, 1996 read with the Remuneration of Public Office Bearers Act No.20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with this Act.



MUNICIPAL MANAGER

31 August 2014



**CAMDEBOO MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2014**

**AUDIT REPORT**

The 2013/2014 Audit Report was not available when the Annual Financial Statements were approved and will be attached hereto as an Annexure when received after the completion of the statutory audit.

**CAMDEBOO MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

It gives me great pleasure to present the Annual Financial Statements of Camdeboo Municipality at 30 June 2014.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2011/12 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

The Statement of Financial Position at 30 June 2014 indicates an increase in Net Assets. This was as a result of the an increase in Current, decrease in Non-Current Liabilities and a decrease in Current and Non-Current liabilities.

The increase in Net Assets is ascribed primarily to the increase in Accumulated Surplus as a result of the surplus generated on the operating account. The decrease in total Liabilities is as a result of the decrease in the current portion of Long-term liabilities and also due to timing of creditors payments.

**2. KEY FINANCIAL INDICATORS**

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

**Financial Statement Ratios:**

INDICATOR	2014	2013
(Deficit) / Surplus before Appropriations	(10 562 586)	(19 306 289)
Surplus at the end of the Year	670 655 510	681 209 568
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	27.82%	28.91%
Remuneration of Councillors	1.76%	1.56%
Depreciation and Amortisation	19.99%	20.54%
Impairment Losses	4.24%	1.46%
Repairs and Maintenance	5.09%	6.71%
Bulk Purchases	21.96%	21.74%
Contracted Services	0.86%	0.80%
Grants and Subsidies Paid	0.01%	0.01%
General Expenses	18.20%	18.25%
Current Ratio:		
Trade Creditors Days	10	29
Debtors from Exchange Transactions Days	96	76

**3. OPERATING RESULTS**

Details of the operating results per segmental classification of expenditure are included in Appendix "B", whilst operational results per category of expenditure, together with an explanation of significant variances of more than 10% from budget, are included in Appendix "C".

The services offered by Camdeboo Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

### 3. OPERATING RESULTS (Continued)

The overall operating results for the year ended 30 June 2014 are as follows:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
<b>Income:</b>					
Opening surplus	681 209 568	700 515 857	(2.76)	-	100.00
Operating income for the year	188 432 066	169 496 064	11.17	208 618 159	(9.68)
Appropriations for the year	199 167	-	100.00	-	100.00
	869 840 801	870 011 921	(0.02)	208 618 159	316.95
<b>Expenditure:</b>					
Operating expenditure for the year	198 994 652	188 802 353	5.40	207 258 437	(3.99)
Closing surplus	670 655 512	681 209 568	(1.55)	-	-
	869 650 164	870 011 921	(0.04)	207 258 437	319.60

#### 3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Services charged.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	67 847 802	74 635 703	(9.09)	73 631 377	(7.85)
Expenditure	84 538 520	71 877 192	17.62	90 234 921	(6.31)
Surplus / (Deficit)	(16 690 718)	2 758 511	(705.06)	(16 603 544)	0.53
Surplus / (Deficit) as % of total income	(24.60)%	3.70%		(22.55)%	

#### 3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	3 993	4 270	(6.49)	4 484	(10.95)
Expenditure	1 175 853	(558 648)	(310.48)	1 095 998	7.29
Surplus / (Deficit)	(1 171 860)	(554 377)	111.38	(1 091 514)	7.36
Surplus / (Deficit) as % of total income	(29346.78)%	(12982.10)%		(24342.42)%	



### 3. OPERATING RESULTS (Continued)

#### 3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	40 451 427	8 682 870	365.88	29 608 196	36.62
Expenditure	25 560 555	29 628 128	(13.73)	21 944 517	16.48
Surplus / (Deficit)	14 890 872	(20 945 258)	(171.09)	7 663 679	94.30
Surplus / (Deficit) as % of total income	36.81%	(241.23)%		25.88%	

#### 3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R43 697 064 (2013: R41 041 199). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	65 679 022	68 529 671	(4.16)	77 645 569	(15.41)
Expenditure	64 405 470	63 394 326	1.60	72 326 923	(10.95)
Surplus	1 273 552	5 135 345	(75.20)	5 318 646	(76.05)
Surplus as % of total income	1.94%	7.49%		6.85%	

#### 3.5 Water Services:

Water is purified by Camdeboo for their own use.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	14 099 772	17 643 550	(20.09)	27 728 531	(49.15)
Expenditure	23 177 061	24 461 353	(5.25)	21 656 088	7.02
Surplus / (Deficit)	(9 077 289)	(6 817 803)	33.14	6 072 443	(249.48)
Surplus / (Deficit) as % of total income	(64.38)%	(38.64)%		21.90%	

### 4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R 37 258 034 (2013: R 27 030 790). Full details of Assets are disclosed in Notes 7, 8, 9, 10 and Appendices "A, B and D (3)" to the Annual Financial Statements.

## 5. RECONCILIATION OF BUDGET TO ACTUAL

### 5.1 Operating Budget:

DETAILS	2014	2013
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	1 359 722	18 290 953
Revenue variances	(20 186 093)	(19 389 189)
Expenditure variances:		
Employee Related Costs	6 590 402	3 837 841
Remuneration of Councillors	29 401	52 242
Depreciation and Amortisation	(14 152 215)	(34 775 330)
Impairment Losses	(5 638 615)	(276 942)
Repairs and Maintenance	6 387 293	2 781 300
Bulk Purchases	1 767 591	1 055 704
Contracted Services	(271 497)	233 055
Grants and Subsidies Paid	15 000	21 000
General Expenses	13 682 770	8 905 387
Loss on disposal of Property, Plant and Equipment	(146 345)	(42 310)
Actual (deficit) / surplus before appropriations	(10 562 586)	(19 306 289)

DETAILS	2014	2013
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	1 359 722	18 290 953
Executive and Council	1 749 860	3 142 496
Finance and Administration	7 721 375	6 776 614
Planning and Development	201 422	(406 613)
Health	249 391	13 365
Community and Social Services	(37 833)	1 766 019
Housing	(80 346)	558 647
Public Safety	(48 481)	(245 666)
Sport and Recreation	853 054	69 034
Waste Management	7 227 193	(31 451 776)
Roads and Transport	(11 168 389)	(5 060 145)
Water	(15 149 732)	(2 180 662)
Electricity	(4 045 094)	5 875 099
Other	392 426	(1 124 485)
Actual (deficit) / surplus before appropriations	(10 775 431)	(3 977 120)

Details of the operating results per segmental classification of expenditure are included in Appendix "C", whilst operational results per category of expenditure, together with an explanation of significant variances of more than 10% from budget, are included in the Budget Statement.



## 5. RECONCILIATION OF BUDGET TO ACTUAL (Continued)

### 5.2 Capital Budget:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Variance actual 2013/14/2012/13 R	Budgeted 2013/14 R	Variance actual/ budgeted R
Executive and Council	5 770 653	-	5 770 653	6 000 000	(229 347)
Finance and Administration	798 700	6 034 883	(5 236 183)	340 000	458 700
Planning and Development	-	1 042 638	(1 042 638)	-	-
Sport and Recreation	1 567 364	5 260 428	(3 693 064)	1 953 654	(386 290)
Waste Management	14 805 758	287 578	14 518 180	20 553 125	(5 747 367)
Roads and Transport	1 055 004	3 792 065	(2 737 061)	1 000 000	55 004
Water	7 579 177	2 226 007	5 353 170	13 050 000	(5 470 823)
Electricity	1 975 159	12 421	1 962 738	800 000	1 175 159
	33 551 815	18 656 020	14 895 795	43 696 779	(10 144 964)

## 6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2014 amounted to R670 655 510 (30 June 2013: R681 209 568) and is made up as follows:

Capital Replacement Reserve	5 000 000
Self-insurance Reserve	5 509 732
Accumulated Surplus due to the results of Operations	660 145 780
	<u>670 655 512</u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The Self-insurance Reserve is a reserve to fund future insurance losses that will not be recouped from external insurers.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to Note 19 and the Statement of Change in Net Assets for more detail.

## 7. EMPLOYEE BENEFIT LIABILITIES

The outstanding amount of the Long Term Retirement Benefit Liabilities as at 30 June 2014 was R22 610 077 (30 June 2013: R22 694 000).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 17 for more detail.

## 8. NON-CURRENT PROVISIONS

Non-Current Provisions amounted to R243,888 as at 30 June 2014 (30 June 2013: R436,943) and is made up as follows:

Provision for Rehabilitation of Land-fill Sites	243 888
	<u>243 888</u>

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Note 18 for more detail.

## 9. CURRENT LIABILITIES

Current Liabilities amounted to R28 631 171 as at 30 June 2014 (30 June 2013: R32 284 898) and is made up as follows:

Consumer Deposits	Note 11	1 881 244
Cash and Cash Equivalents	Note 6	1 842 499
Current Portion of Long-term Liabilities	Note 17, 18	1 338 006
Provisions	Note 12	1 781 778
Payables from Exchange Transactions	Note 13	6 655 322
Payables from Non-exchange Transactions	Note 14	739 314
Unspent Conditional Grants and Receipts	Note 15	9 461 624
VAT Payable	Note 16	4 931 384
		<hr/>
		28 631 171

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

## 10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R662 957 621 as at 30 June 2014 (30 June 2013: R667 074 455).

Refer to Note 7 and Appendices "A, B and D" for more detail.

## 11. INTANGIBLE ASSETS

The net value of Intangible Assets were R31 669 as at 30 June 2014 (30 June 2013: R39 485).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 8 and Appendix "A" for more detail.

## 12. INVESTMENT PROPERTY

The net value of Investment Properties were R199 756 as at 30 June 2014 (30 June 2013: R211 516).

Investment Property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of operations.

Refer to Note 9 and Appendix "A" for more detail.

## 13. HERITAGE ASSETS

The net value of Heritage Assets were R2 370 000 as at 30 June 2014 (30 June 2013: R2 370 000).

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Refer to Note 10 and Appendix "A" for more detail.

### 13. HERITAGE ASSETS

The net value of Heritage Assets were R2 370 000 as at 30 June 2014 (30 June 2013: R2 370 000).

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Refer to Note 10 and Appendix "A" for more detail.

### 14. CURRENT ASSETS

Current Assets amounted R62 100 959 as at 30 June 2014 (30 June 2013: R77 040 406) and is made up as follows:

Inventories	Note 2	3 802 215
Receivables from Exchange Transactions	Note 3	25 166 162
Receivables from Non-exchange Transactions	Note 4	3 253 618
VAT Receivable	Note 5	2 060 922
Cash and Cash Equivalents	Note 6	27 818 042
		<u>62 100 959</u>

The increase in the amount for Current Assets is mainly due to the increased amount held in Bank and Cash Equivalents.

Refer to the indicated Notes for more detail.

### 15. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 15 and 21, and Appendix "E" for more detail.

### 16. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 47.

### 17. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.



CHIEF FINANCIAL OFFICER

31 August 2014

**CAMDEBOO MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014**

		Actual	
	Note	2014 R	2013 R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>56 581 600</b>	<b>66 929 953</b>
Inventories	2	3 802 215	3 153 012
Receivables from Exchange Transactions	3	25 166 162	18 813 590
Receivables from Non-exchange Transactions	4	(4 108 240)	4 749 318
Non-current assets held for sale	5	2 060 922	-
Cash and Cash Equivalents	6	29 660 541	40 214 033
<b>Non-Current Assets</b>		<b>665 559 046</b>	<b>669 695 456</b>
Property, Plant and Equipment	7	662 957 621	667 074 455
Intangible Assets	8	31 669	39 485
Investment Property	9	199 756	211 516
Heritage Assets	10	2 370 000	2 370 000
<b>Total Assets</b>		<b>722 140 646</b>	<b>736 625 409</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>28 631 171</b>	<b>32 284 898</b>
Consumer Deposits	11	1 881 244	1 627 320
Cash and Cash Equivalents	6	1 842 499	-
Current Portion of Long-term Liabilities	18	1 338 006	1 439 999
Provisions	12	1 781 778	2 498 647
Payables from Exchange Transactions	13	6 655 322	14 002 561
Payables from Non-exchange Transactions	14	739 314	3 634 523
Unspent Conditional Grants and Receipts	15	9 461 624	1 749 191
VAT Payable	16	4 931 384	3 229 916
Provision for Rehabilitation of Land-fill Sites	19	-	4 102 741
<b>Non-Current Liabilities</b>		<b>22 853 965</b>	<b>23 130 943</b>
Employee Benefit Liabilities	18	22 610 077	22 694 000
Provision for Rehabilitation of Land-fill Sites	19	243 888	436 943
<b>Total Liabilities</b>		<b>51 485 136</b>	<b>55 415 841</b>
<b>Net Assets</b>		<b>670 655 510</b>	<b>681 209 568</b>
<b>NET ASSETS</b>		<b>670 655 510</b>	<b>681 209 568</b>
Accumulated Surplus	20	670 655 510	681 209 568
<b>Total Net Assets</b>		<b>670 655 510</b>	<b>681 209 568</b>

**CAMDEBOO MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**

		Actual	
	Note	2014 R	2013 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>			
Property Rates	21	17 170 937	16 867 183
Fines		438 392	93 997
Licences and Permits		2 099 075	1 823 836
Government Grants and Subsidies Received	22	58 352 217	51 952 534
<b>Revenue from Exchange Transactions</b>			
Service Charges	23	95 599 255	90 869 959
Rental of Facilities and Equipment	24	619 081	623 317
Interest Earned - External Investments	25	2 578 140	2 101 264
Interest Earned - Outstanding Debtors	25	3 928 358	3 551 530
Other Revenue	26	1 524 631	1 612 444
Fair value adjustment on property		586 500	-
Gains on Disposal of Property, Plant and Equipment		5 535 480	-
<b>Total Revenue</b>		<b>188 432 066</b>	<b>169 496 064</b>
<b>EXPENDITURE</b>			
Employee Related Costs	27	55 362 332	54 580 815
Remuneration of Councillors	28	3 504 936	2 951 758
Depreciation and Amortisation	29	39 782 023	38 775 330
Impairment Losses	30	8 433 204	2 751 942
Repairs and Maintenance		10 126 540	12 671 579
Bulk Purchases	31	43 697 064	41 041 199
Contracted Services	32	1 712 391	1 516 183
Grants and Subsidies Paid	33	18 000	18 000
General Expenses	34	36 211 817	34 453 237
Loss on Disposal of Property, Plant and Equipment		146 345	42 310
<b>Total Expenditure</b>		<b>198 994 652</b>	<b>188 802 353</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>(10 562 586)</b>	<b>(19 306 289)</b>

Refer to Statement of Comparison of Budget and Actual  
amounts for explanation of budget variances



# CAMDEBOO MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

Description	Accumulated Surplus / (Deficit) Account			Total for Accumulated Surplus/(Deficit) Account	Total
	Capital Replacement Reserve	Self Insurance Reserve	Accumulated Surplus / (Deficit)		
	R	R	R	R	R
<b>2013</b>					
Balance at 30 June 2012	5 000 000	5 700 369	659 948 341	670 648 710	670 648 710
Prior year error (Note 35)			(10 118 539)	(10 118 539)	(10 118 539)
Change in Accounting Estimates (Note 35)			11 170 968	11 170 968	11 170 968
Change in Accounting Policy (Note 35)	-		28 814 718	28 814 718	28 814 718
<b>Restated Balance</b>	<b>5 000 000</b>	<b>5 700 369</b>	<b>689 815 488</b>	<b>700 515 857</b>	<b>700 515 857</b>
Deficit for the year			(19 306 289)	(19 306 289)	(19 306 289)
<b>Balance at 30 June 2013</b>	<b>5 000 000</b>	<b>5 700 369</b>	<b>670 509 199</b>	<b>681 209 568</b>	<b>681 209 568</b>
<b>2014</b>					
Surplus for the year		8 530	(10 562 586)	(10 554 056)	(10 554 056)
Insurance claims processed		(199 167)	199 167	-	-
<b>Balance at 30 June 2014</b>	<b>5 000 000</b>	<b>5 509 732</b>	<b>660 145 780</b>	<b>670 655 512</b>	<b>670 655 512</b>

**CAMDEBOO MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Actual 2014 R	2013 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>187 845 566</b>	<b>168 931 269</b>
Property Rates		17 170 937	16 867 183
Government Grant and Subsidies		58 352 217	51 952 534
Service Charges		95 599 255	90 869 959
Other Receipts		16 723 157	9 241 593
<b>Payments</b>		<b>(169 772 049)</b>	<b>(139 847 020)</b>
Employee Related Costs		(55 362 332)	(54 580 815)
Payments to Suppliers		(43 697 064)	(41 041 199)
General expenses		(36 211 817)	(34 453 237)
Other Payments		(34 500 836)	(9 771 769)
Cash generated from operations	37	18 073 517	29 084 250
Interest received	25	6 506 498	5 652 794
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>24 580 015</b>	<b>34 737 044</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	7	(37 258 034)	(18 128 919)
Purchase of Intangible Assets	8	(1 995)	(44 899)
Proceeds on Disposal of Property, Plant and Equipment		30 099	23 000
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(37 229 930)</b>	<b>(18 150 818)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in consumer deposits	11	253 924	160 839
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>253 924</b>	<b>160 839</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT</b>	6	<b>(12 395 991)</b>	<b>16 747 065</b>
Cash and Cash Equivalents at Beginning of Period		40 214 033	23 466 968
Cash and Cash Equivalents at End of Period		27 818 042	40 214 033

**CAMDEBOO MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014**

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Variance %	Reason
<b>FINANCIAL PERFORMANCE</b>										
Revenue from Non-exchange Transactions										
Property Rates	19 127 930	-	19 127 930	19 127 930	17 170 937	(1 956 993)	89.77	89.77	-10.23%	Slowdown in debtor payment rate
Fines	211 623	-	211 623	211 623	438 392	226 769	207.16	207.16	107.16%	Challenges with judicial process. Contestations
Licences and Permits	2 168 250	-	2 168 250	2 168 250	2 099 075	(69 175)	96.81	96.81	-3.19%	Less licenses issued by the public
Government Grants and Subsidies Received	70 123 569	260 000	70 383 569	70 383 569	58 352 217	(12 031 352)	82.91	83.21	-17.09%	Additional MIG and INEP grants received
Revenue from Exchange Transactions										
Service Charges	108 868 617	19 098	108 887 715	108 887 715	95 599 255	(13 288 460)	87.80	87.81	-12.20%	Slowdown in debtor payment rate
Rental of Facilities and Equipment	741 388	3 860	745 248	745 248	619 081	(126 167)	83.07	83.50	-16.93%	Less rentals by the public. Difficult item to predict and
Interest Earned - External Investments	2 004 558	-	2 004 558	2 004 558	2 578 140	573 582	128.61	128.61	28.61%	Competition from other facilities.
Interest Earned - Outstanding Debtors	3 915 569	-	3 915 569	3 915 569	3 928 358	12 789	100.33	100.33	0.33%	Better operation and decisions by Investment committee
Other Income	986 167	-	986 167	986 167	1 524 631	538 464	154.60	154.60	54.60%	Increased proceeds from Insurance claims
Fair value adjustment on property	-	-	-	-	586 500	586 500	0.00	0.00		
Gains on Disposal of Property, Plant and Equipment	187 530	-	187 530	187 530	5 535 480	5 347 950	2 952	-	2851.78%	No disposal generating revenue (scrappings)
<b>Total Revenue</b>	<b>208 335 201</b>	<b>282 958</b>	<b>208 618 159</b>	<b>208 618 159</b>	<b>188 432 066</b>	<b>(20 186 093)</b>	<b>90.32</b>	<b>90.45</b>		
Expenditure										
Employee Related Costs	63 518 077	(1 565 343)	61 952 734	61 952 734	55 362 332	(6 590 402)	89.36	87.16	-10.64%	Vacancies not filled
Remuneration of Councillors	3 500 202	34 135	3 534 337	3 534 337	3 504 936	(29 401)	99.17	100.14	-0.83%	
Depreciation and Amortisation	25 629 808	-	25 629 808	25 629 808	39 782 023	14 152 215	155.22	155.22	55.22%	Uncertainty with regards to budget of non cash items
Impairment Losses	3 126 250	(331 661)	2 794 589	2 794 589	8 433 204	5 638 615	301.77	269.75	201.77%	Increase to doubtful debts, handovers and indigents
Repairs and Maintenance	10 894 485	5 619 348	16 513 833	16 513 833	10 126 540	(6 387 293)	61.32	92.95	-38.68%	Delays in certain projects resulted in an underspend
Bulk Purchases	45 464 655	-	45 464 655	45 464 655	43 697 064	(1 767 591)	96.11	96.11	-3.89%	
Contracted Services	1 468 593	(27 699)	1 440 894	1 440 894	1 712 391	271 497	118.84	116.60	18.84%	Security cost increased. New service points
Grants and Subsidies Paid	33 000	-	33 000	33 000	18 000	(15 000)	54.55	54.55	100.00%	No applications were received for such Bursaries
General Expenses	48 562 557	1 332 030	49 894 587	49 894 587	36 211 817	(13 682 770)	72.58	74.57	-27.42%	Accounting elimination of IGG expenditure
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	146 345	146 345	-	-	100.00%	No disposal generating revenue (scrappings)
<b>Total Expenditure</b>	<b>202 197 627</b>	<b>5 060 810</b>	<b>207 258 437</b>	<b>207 258 437</b>	<b>198 994 652</b>	<b>(8 263 785)</b>	<b>96.01</b>	<b>98.42</b>		
<b>Surplus/(Deficit)</b>	<b>6 137 574</b>	<b>(4 777 852)</b>	<b>1 359 722</b>	<b>1 359 722</b>	<b>(10 562 586)</b>	<b>(11 922 308)</b>	<b>-</b>	<b>-</b>		
<b>Surplus/(Deficit) after Capital Transfers and</b>	<b>6 137 574</b>	<b>(4 777 852)</b>	<b>1 359 722</b>	<b>1 359 722</b>	<b>(10 562 586)</b>	<b>(11 922 308)</b>	<b>-</b>	<b>-</b>		
<b>Surplus/(Deficit) for the Year</b>	<b>6 137 574</b>	<b>(4 777 852)</b>	<b>1 359 722</b>	<b>1 359 722</b>	<b>(10 562 586)</b>	<b>(11 922 308)</b>	<b>-</b>	<b>-</b>		

Note: Budget adjustments during the Adjustment Budget period were effected in accordance with the spending as at January 2014. Savings were reallocated to votes that were overspending or close to being overspent. Capital projects were reallocated from Capital Budget to the Operating Budget due to the nature of work performed.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**1. BASIS OF PRESENTATION**

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) listed below including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

**1. 1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY**

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2013 and 30 June 2014 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the following instances:

(a) is required by a Standard of GRAP; or

(b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

**1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS**

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

**1. 2. 1 Revenue Recognition**

Accounting Policy on *Revenue from Exchange Transactions* and Accounting Policy on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate. At the time of initial recognition it is inappropriate to assume that the collectability of amounts owing by individual recipients of goods or services will not occur, because the entity has an obligation to collect all revenue.

**1. 2. 2 Financial assets and liabilities**

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy on *Financial Assets Classification* and Accounting Policy on *Financial Liabilities Classification* describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: *Financial Instruments*.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**1. 2. 3 *Impairment of Financial Assets***

Accounting Policy on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: *Financial Instruments*, and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness.

This was performed per service-identifiable categories across all classes of debtors.

**1. 2. 4 *Useful lives of Property, Plant and Equipment, Intangible assets and Investment property***

The municipality depreciates/amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

**1. 2. 5 *Impairment: Write down of Property, Plant and Equipment and Inventories***

Accounting Policy on *PPE - Impairment of assets* and Accounting Policy on *Intangible assets - Subsequent Measurement, Amortisation and Impairment* and Accounting Policy on *Inventory - Subsequent measurement* describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: *Impairment of Non-Cash generating Assets* and GRAP 26: *Impairment of Cash generating Assets*. In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involves significant judgement by management. During the year no impairments were made to PPE, intangible assets or inventory.

**1. 2. 6 *Water inventory***

The estimation of the water stock in the reservoirs is based on the measurement of water after the depth of water in the reservoirs have been determined, which is then converted into volumes based on the total capacity of the reservoir.

**1. 2. 7 *Defined Benefit Plan Liabilities***

The municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the notes to the Annual Financial Statements.

**1. 2. 8 *Provisions and contingent liabilities***

The Municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost.

The uncertainties and assumptions attached to this provision are listed as follows:

The landfill closure designs are based on current day legislation (Minimum Requirements for Waste Disposal by Landfill, Second Edition 1998) and current permits. Should the Minister require for the sites to be relicensed or brought in line with new legislation, the closure requirements may be affected which may in turn affect the costing analysis.

It is assumed that clean sand and clay is available locally (nearby/alongside/within) to the site and no importation (long-distance haulage) of materials is required. Material on or close to site is sufficient for closure.

It is assumed that the general public have not requested a specific final shape or enduse for the landfill sites.



**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**1. 2. 8 Provisions and contingent liabilities (Continued)**

The estimate does not take into account post closure monitoring or maintenance costs as this is an item for the Municipality's OPEX budget.

It is assumed that there are no special influences that may affect the cap design.

It is assumed that existing ground water monitoring boreholes are in working order.

It is noted that no building infrastructure is required as part of the closure.

A construction period of 3.5, 4 and 6 months for the Nieu-Bethesda, Aberdeen and Graaff-Reinet sites respectively has been assumed. These construction periods are educated assumptions and are based on previous and current projects of a similar size.

**1. 2. 9 Budget information**

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the notes to the annual financial statements.

**1. 3 PRESENTATION CURRENCY**

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

**1. 4 GOING CONCERN ASSUMPTION**

The Annual Financial Statements have been prepared on the assumption that the municipality will continue to operate as a going concern for atleast the next 12 months.

**1. 5 OFFSETTING**

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

**1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued February 2011  
GRAP 20 Related Party Disclosures - issued June 2011  
GRAP 32 Service Concession Arrangement: Grantor  
GRAP 105 Transfers between entities under common control - issued November 2010  
GRAP 106 Transfers between entities not under common control - issued November 2010  
GRAP 107 Mergers - issued November 2010  
GRAP 108 Statutory Receivables

All listed standards as listed above will only be effective when a date is announced by the Minister of Finance.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet effective, the municipality may elect to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

**GRAP 18 - Segment Reporting**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management. Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

Requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to management of the entity. The precise impact of this on the financial statements of the Municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not yet have an effective date.

**GRAP 20 – Related party disclosures**

The effective date of the standard has not been determined yet. The standard of GRAP on related parties will replace the IPSAS 20 standard on related party disclosure currently used. No significant impact on the financial statements of the Municipality is expected.

**GRAP 32 - Service Concession Arrangement: Grantor**

The standard prescribes the accounting treatment for service concession arrangements by the grantor, a public sector entity.

**GRAP 105 – Transfer of Function Between Entities Under common Control**

This standard provides the accounting treatment for transfers of functions between entities under common control. However the impact on the Municipality's financial statements is not expected to be significant due to the fact that the Municipality rarely enters into such transactions. The standard is only expected to have an impact on the Municipality in respect of any future transfers of functions. This standard does not yet have an effective date.

**GRAP 106 – Transfer of Function Between Entities Not Under common Control**

This standard deals with other transfers of functions (i.e. between entities not under common control) and requires the entity to measure transferred assets and liabilities at fair value. It is unlikely that the Municipality will enter into any such transactions in the near future. This standard does not yet have an effective date.

**GRAP 107 – Mergers**

This standard deals with requirements for accounting for a merger between two or more entities, and is unlikely to have an impact on the financial statements of the Municipality in the foreseeable future. This standard does not yet have an effective date.

**GRAP 108 - Statutory Receivables**

This standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

**2. ACCUMULATED SURPLUS**

Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements:

**2. 1 Housing development fund/Housing operating account**

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash-backed, and invested in accordance with the investment policy of the Entity.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the MEC for Human Settlements.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**2. 2 Revaluation Reserve**

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalue buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on revalue amounts, are credited or charged to the Statement of Financial Performance.

**2. 3 Other Reserves**

The Entity creates and maintains reserves in terms of specific requirements.

**2. 3. 1 Capital replacement reserve (CRR)**

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Entity.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in the Statement of Financial Performance, and is then transferred via the Statement of Changes in Net Assets to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR, as it is regarded as revenue.

**2. 3. 2 Capitalisation Reserve**

On the implementation of GRAP, the balance of certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment, were transferred to a Capitalisation Reserve rather than the accumulated surplus/deficit, as in prior years, in terms of a directive (Circular No. 18) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation charge that will be incurred over the useful lives of these items of property, plant and equipment is offset by transfers from this reserve to the accumulated surplus/deficit. The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/deficit. When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/deficit.

**2. 3. 3 Insurance reserve**

A general insurance reserve has been established, and subject to reinsurance where deemed necessary, it covers claims that may occur which are not covered by the insurance contracts in place with the external service providers. Premiums are charged to the respective services, taking into account claims history and replacement value of the insured assets. Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the Statement of Financial Performance. The net surplus or deficit on the insurance operating account is transferred to or from the insurance reserve via the Statement of Changes in Net Assets. The balance of the self-insurance reserve is invested in short-term cash investments. Interest earned on the insurance reserve is recorded as interest earned in the Statement of Financial Performance, and is transferred to the insurance reserve via the Statement of Changes in Net Assets as a contribution.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**3. PROPERTY, PLANT AND EQUIPMENT**

**3. 1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**3. 2 Subsequent Measurement**

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, excluding land, are measured at cost, less accumulated depreciation and accumulated impairment losses.

Subsequent to initial recognition, land and buildings are carried at cost less accumulated depreciation and impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

**3. 3 Depreciation**

Depreciation on assets other than land is calculated on cost, using the straight-line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

Depreciation only commences when the asset is available for use, unless stated otherwise.

	Years		Years
<b>Infrastructure</b>		<b>Buildings</b>	30 - 100
Roads and Paving	50		
Electricity	20 - 30	<b>Other</b>	
Water	15 - 20	Specialist Vehicles	10
Sewerage	15 - 20	Other Vehicles	5
Landfill Sites	30	Office Equipment	3 - 7
		Furniture and Fittings	7 - 10
<b>Community</b>		Watercraft	15
Recreational Facilities	20 - 50	Bins and Containers	5
Security	5	Specialised Plant and Equipment	10 - 15
		Other Plant and Equipment	2 - 5

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

### **3. 4 Incomplete Construction Work**

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

### **3. 5 Finance Leases**

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

### **3. 6 Land & Buildings**

Undeveloped Land is not depreciated as it is deemed to have an indefinite useful life, buildings and other structures situated on developed land are depreciated less their residual value over their useful life.

### **3. 7 Infrastructure Assets**

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

### **3. 8 Housing Development Fund Assets**

The Housing Development Fund contains letting schemes that is included in Council's Property Plant and Equipment. All surpluses generated from the letting schemes are transferred to the Housing Development Fund.

### **3. 9 Derecognition of property, plant and equipment**

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the DE recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

The estimated useful lives and depreciation methods have been reviewed for the year ended 30 June 2012 (and applied retrospectively where practicable), and any changes therein have been implemented in accordance with the requirements of GRAP 17, GRAP 3.



**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**4. INTANGIBLE ASSETS**

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

**4. 1 Initial Recognition**

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually.

**4. 2 Subsequent Measurement, Amortisation and Impairment**

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

In terms of GRAP 31, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives (when the intangible asset is available for use), which are estimated to be between 3 to 5 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, however such intangible assets are subject to an annual impairment test. The useful lives per category of intangible assets are detailed below:

Intangible asset	Years
Software	3
Website	5

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**4. 3 Derecognition**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**5. Heritage Assets**

An heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding their estimated useful lives. The Municipality assess at each reporting date if there is an indication of impairment.

Subsequent to measurement, heritage assets are carried at cost less impairment losses.

The Municipality has elected to make use of the transitional provisions as set out in Directive 3, which states that entities are not required to measure heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage Assets. Disclosure of the assets for which no cost or value is available as at the balance sheet date is disclosed in the notes to the financial statements.

The following judgements were made in the assessment of whether assets should be classified as heritage assets:

- Management consulted widely to ensure completeness of the list of heritage assets. Through this process, Management considered the cultural, environmental, historical, natural, scientific, technological or artistic significance of list of assets collated
  - and the preservation of such assets for future generations for classification as heritage assets. In Management's view the following items did not meet the definition of heritage assets: four mayoral chains, the Robert Sobukwe grave site, the canon in front of the grave site and several paintings and photos.
- Despite the fact that the Graaff- Reinet Town Hall and the Robert Sobukwe are classified as Historical Buildings as evidenced by
  - the heritage site plaque affixed to the front door, Management has classified these buildings as Property, Plant and Equipment because the Municipality uses a significant portion of these buildings for administrative purposes.
- The Fonteinbos Nature Reserve has been classified as Property, Plant and Equipment because it forms part of commonage land.
- All Heritage Assets have been recognised and measured at cost bar the collection of rare books and manuscripts. The Municipality initial accounting for heritage assets is incomplete because the value for the collection of rare books and manuscripts is not known. Management anticipates that the full measurement will be achieved by the end of the next financial year, 30 June 2014 within in the measurement period.

**5. 1 Initial Recognition**

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

When assets that might be regarded as heritage assets but which, on initial recognition, do not meet the recognition criteria of a heritage asset because they cannot be reliably measured, the Municipality discloses relevant and useful information about such assets in the notes to the financial statements.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

The table below reflects the classes of heritage assets:

Heritage Sites
Victoria hall cutlery and crockery
Collections of rare books or manuscripts
Monuments, memorials & statues
Buildings of cultural significance
Museums
Other Assets

#### **Transitional Provisions**

The Municipality has elected to make use of the transitional provisions as set out in Directive 3, which states that entities are not required to measure heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage Assets.

#### **5. 2 Subsequent Measurement**

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

#### **5. 3 Derecognition of Heritage assets**

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of heritage assets is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

### **6. INVESTMENT PROPERTY**

#### **6. 1 Initial Recognition**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Investment property is recognized as an asset where, and only where:

- It is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity; and
- The cost or fair value of the investment property can be measured reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation); and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc.; and
- Property held for strategic purposes or service delivery.

## **6. 2 Subsequent Measurement**

### **6. 2. 1 Subsequent Measurement - Cost Model**

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The residual value of the investment properties been assumed to be zero.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **6. 3 Derecognition**

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its

## **7. IMPAIRMENT OF ASSETS**

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

### **7. 1. Impairment of Cash generating assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arms length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset".

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

**7. 2. *Impairment of Non-Cash generating assets***

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the remaining service potential amount of the asset.

If there is any indication that an asset may be impaired, the remaining service potential amount is estimated for the individual asset. If it is not possible to estimate the remaining service potential amount of the individual asset, the remaining service potential amount of the cash-generating unit to which the asset belongs is determined.

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalue asset is treated as a revaluation decrease.

An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalue asset is treated as a revaluation increase.

**8. NON-CURRENT ASSETS HELD-FOR-SALE**

**8. 1 Initial Recognition**

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**8. 2 Subsequent Measurement**

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held for sale, is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

**9. FINANCIAL INSTRUMENTS**

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

**Initial recognition**

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument.

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**The effective interest rate method**

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

**Amortised cost**

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

**9. 1 Financial Assets - Classification**

A financial asset is any asset that is a cash or contractual right to receive cash.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial assets at amortised cost

Financial assets at fair value

Financial assets at cost

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Financial Instruments at Amortised Cost
Bank Balances and Cash	Financial Instruments at Amortised Cost
Long-term Receivables	Financial Instruments at Amortised Cost
Consumer Debtors	Financial Instruments at Amortised Cost
Other Debtors	Financial Instruments at Amortised Cost
Investments in Fixed Deposits	Financial Instruments at Amortised Cost

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets.

**9. 2 Financial Liabilities - Classification**

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

• Long-term Liabilities	Other financial liabilities (Financial liabilities measured at amortised cost)
• Other Creditors	Other financial liabilities (Financial liabilities measured at amortised cost)
• Trade Creditors	Other financial liabilities (Financial liabilities measured at amortised cost)
• Accruals	Other financial liabilities (Financial liabilities measured at amortised cost)
• Consumer Deposits	Other financial liabilities (Financial liabilities measured at amortised cost)
• Payment received in advance	Other financial liabilities (Financial liabilities measured at amortised cost)
• Retention	Other financial liabilities (Financial liabilities measured at amortised cost)
• Staff Leave Accrued	Other financial liabilities (Financial liabilities measured at amortised cost)

Financial liabilities that are measured at fair value are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives).

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

**9. 3 Initial and Subsequent Measurement**

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial Liabilities held at amortised cost**

Any other financial liabilities are classified as "Other financial liabilities" (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate. Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

**Financial guarantee contract**

Financial guarantee contracts represent contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when they are contractually due. Financial guarantee contract liabilities are initially measured at fair value. The subsequent measurement of financial guarantee contracts is the higher of the amount determined in accordance with the policy on provisions as set out below, or the amount initially recognised less when appropriate cumulative amortisation.

**9. 4 Impairment of Financial Assets**

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.



**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**Financial assets carried at amortised cost**

Accounts receivables encompasses long term debtors, consumer debtors and other debtors.

Initially Receivable from Exchange and Non-exchange transactions are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of accounts receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets carried at amortised cost with the exception of consumer debtors, where the carrying amount is reduced through the use of an allowance account. When a consumer debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**9. 5 Derecognition of Financial Assets**

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**9. 6 Derecognition of Financial Liabilities**

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire. The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

**10. INVENTORIES**

**10. 1 Initial Recognition**

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**10. 2 Subsequent Measurement**

**Consumable stores, raw materials, work-in-progress and finished goods**

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and net realisable value.

**Water inventory**

Water is regarded as inventory when the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but can not be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial position. The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water and purified effluent are valued by using the (weighted average) method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

**Redundant and slow-moving inventories**

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

**11. REVENUE RECOGNITION**

**11. 1 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered, the value of which approximates the consideration received or receivable.

**11. 1. 1 Service Charges**

Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are normally read on a monthly basis and are recognised as revenue when invoiced. Where meters are not read monthly, provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

**11. 1. 2 Pre-paid Electricity**

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end based on the average consumption history.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**11. 1. 3 Finance income**

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder.

**11. 1. 4 Tariff Charges**

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

**11. 1. 5 Income from Agency Services**

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

**11. 1. 6 Sale of Goods**

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

**11. 1. 7 Rentals**

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

**11. 2 Revenue from Non-exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

**11. 2. 1 Rates and Taxes**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

**11. 2. 2 Fines**

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised on the accrual basis, together with management's best estimate of the probable inflows from the amounts not yet collected.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**11. 2. 3 Public contributions**

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

**11. 2. 4 Government Grants and receipts**

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

**11. 2. 5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

**12. PROVISIONS**

Provisions are recognised when:

- The municipality has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgement of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised. Management does not expect there to be any reimbursements for any of the provisions raised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

**Environmental rehabilitation provisions**

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**13. EMPLOYEE BENEFITS**

**13. 1 Short-term Employee Benefits**

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

**13. 2 Post employment benefits**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

**13. 2. 1 Post-retirement Health Care Benefits:**

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in expense, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

**13. 2. 2 Long-service Allowance**

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

**14. LEASES**

**Lease Classification**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases other than finance leases are classified as operating leases.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**14. 1 The Municipality as Lessee**

**Finance leases**

Where the Municipality enters into a finance lease, Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to Property, Plant and Equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed in the Statement of Financial Performance when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

**Operating leases**

The municipality recognises operating lease rentals as an expense in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**14. 2 The Municipality as Lessor**

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

**14. 3 Determining whether an arrangement contains a lease**

At inception of an arrangement, the Municipality determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Municipality the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Municipality separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Municipality's incremental borrowing rate.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**15. BORROWING COSTS**

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance in accordance with the requirements of GRAP 5. To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

The municipality ceases to capitalise borrowing costs when substantially all the activities necessary to prepare the qualifying assets for its intended use has been completed. Where the construction of the qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, the entity shall cease capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part.

**16. GRANTS-IN-AID**

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

**17. VALUE ADDED TAX**

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec15(2)(a) of the Value-Added Tax Act No 89 of 1991. Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**18. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

**19. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

**20. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.



**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS**

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to the notes to the Annual Financial Statements for details of changes in accounting policies where applicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to the notes to the Annual Financial Statements for details of corrections of errors recorded during the period under review where applicable.

**22. RELATED PARTIES**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Related parties include key management personnel such as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager and close family members of key management personnel.

**23. EVENTS AFTER THE REPORTING DATE**

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

**24. FOREIGN CURRENCIES**

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

**25. COMPARATIVE INFORMATION**

**25. 1 Current year comparatives:**

Budgeted amounts have, in accordance with GRAP 1, been provided to these financial statements and forms part of the Annual Financial Statements.

**25. 2 Prior year comparatives**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified, unless a standard of GRAP does not require the restatements of comparative information. The nature and reasons for the reclassification are disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**25. 3 Budget Information**

The annual budget figures for the year ending 2013/2014 have been prepared and presented in accordance with the GRAP standard under the accrual basis of accounting for budgets approved by Council by nature classification, and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or under spending on line items. The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan.

**CAMDEBOO MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

**27. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES**

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

**28. CAPITAL COMMITMENTS**

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**1. GENERAL INFORMATION**

Camdeboo Municipality (the municipality) is a local government institution in the Eastern Cape, and is one of nine local municipalities under the jurisdiction of the Cacadu District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction to the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

**2. INVENTORIES**

Consumable Stores	3 680 807	3 014 341
Water	121 408	138 671
<b>Total Inventories</b>	<b>3 802 215</b>	<b>3 153 012</b>

The amount of inventories recognised as expenses for the year amounted to R2 326 375 (2013: R3 236 308)

The cost of water production for the year amounted to R4,114 per kl (2013: R4,79 per kl).

No Inventories have been pledged as collateral for Liabilities of the municipality.

**3. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Service Debtors:	44 705 195	32 938 289
Electricity	11 560 555	9 573 813
Refuse	4 175 439	3 030 703
Sewerage	9 084 907	5 941 280
Water	19 884 294	14 392 493
Other Receivables	5 482 672	6 045 640
Housing	2 414 343	2 543 730
Meter Readings not Billed	2 245 767	2 730 944
Other Debtors	822 562	770 966
Add: Credit debtors balances	-	808 345
Less: Provision for Impairment	(25 021 705)	(20 978 684)
<b>Total Receivables from Exchange Transactions</b>	<b>25 166 162</b>	<b>18 813 590</b>

Other Receivables include outstanding debtors for various other services, e.g. Arrangements, Deposits, Housing, Interest, Rentals and Sundry Services like Garden Refuse, Sanitation Bags, etc.

Other Debtors consists of attorney handovers, attorney payments and a guarantee.

Receivables from Exchange Transactions are billed monthly. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance.

At 30 June 2014, the municipality is owed R14,841,103 (30 June 2013: R25,386,091) by National and Provincial Government.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and Debtors as well as the current payment ratio's of the municipality's Receivables.

**3.1 Ageing of Receivables from Exchange Transactions**

As at 30 June 2014

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	15 558 239	3 513 151	3 011 272	28 105 206	50 187 868
Less: Provision for Impairment	7 756 729	1 751 519	1 501 302	14 012 155	25 021 705
<b>Net Balances</b>	<b>7 801 510</b>	<b>1 761 632</b>	<b>1 509 970</b>	<b>14 093 051</b>	<b>25 166 163</b>

As at 30 June 2014 Receivables of R17 364 653 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>				
Gross Balances	3 513 151	3 011 272	28 105 206	34 629 629
Less: Provision for Impairment	1 751 519	1 501 302	14 012 155	17 264 976
<b>Net Balances</b>	<b>1 761 632</b>	<b>1 509 970</b>	<b>14 093 051</b>	<b>17 364 653</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)**

As at 30 June 2013

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
<i>All Receivables:</i>					
Gross Balances	9 458 271	1 568 317	536 824	28 228 862	39 792 274
Less: Provision for Impairment	826 127	653 354	77 248	19 421 955	20 978 684
<b>Net Balances</b>	<b>8 632 144</b>	<b>914 963</b>	<b>459 576</b>	<b>8 806 907</b>	<b>18 813 590</b>

As at 30 June Receivables of R10,181,446 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<i>All Receivables:</i>				
Gross Balances	1 568 317	536 824	28 228 862	30 334 003
Less: Provision for Impairment	653 354	77 248	19 421 955	20 152 557
<b>Net Balances</b>	<b>914 963</b>	<b>459 576</b>	<b>8 806 907</b>	<b>10 181 446</b>

**3.2 Reconciliation of the Provision for Impairment**

	2014 R	2013 R
Balance at beginning of year	20 978 684	18 632 895
Impairment Losses recognised	4 043 021	2 345 789
<b>Balance at end of year</b>	<b>25 021 705</b>	<b>20 978 684</b>

In determining the recoverability of a Receivable, the municipality considers any change in the credit quality of the Receivable from the date credit was initially granted up to the reporting date. Furthermore, the municipality has also placed a strong emphasis on verifying the indigent status of consumers. The concentration of credit risk is limited due to the customer base being spread over a large number of consumers and is not concentrated in any particular sector or geographical area. Accordingly, management believe that there is no further credit provision required in excess of the Provision for

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable.

**3.3 Ageing of Impaired Receivables from Exchange Transactions**

<i>Current:</i>		
0 - 30 Days	7 756 729	826 127
<i>Past Due:</i>		
31 - 60 Days	1 751 519	653 354
61 - 90 Days	1 501 302	77 248
+ 90 Days	14 012 155	19 421 955
<b>Total</b>	<b>25 021 705</b>	<b>20 978 684</b>

**3.4 Derecognition of Financial Assets**

No Financial Assets have been transferred to other parties during the year.

**4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Assessment Rates Debtors	11 842 621	(10 468 267)	1 374 354
Payments made in Advance	603 217	-	603 217
Accruals	-	-	-
Sundry Deposits	100 000	-	100 000
Sundry Debtors	1 608 474	(315 180)	1 293 294
Suspense Accounts	-	-	-
Government Subsidies	(7 479 105)	-	(7 479 105)
<b>Total Receivables from Non-exchange Transactions</b>	<b>6 675 207</b>	<b>(10 783 447)</b>	<b>(4 108 240)</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (Continued)**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2013</b>			
Assessment Rates Debtors	11 395 888	(7 790 400)	3 605 488
Payments made in Advance	434 497	-	434 497
Sundry Deposits	100 000	-	100 000
Sundry Debtors	609 333	-	609 333
Government Subsidies	-	-	-
<b>Total Receivables from Non-exchange Transactions</b>	<b>12 539 718</b>	<b>(7 790 400)</b>	<b>4 749 318</b>

Sundry Deposits are in respect of cash deposits made to local fuel stations for the supply of fuel.

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratio's of Other Debtors were also taken into account for fair value determination.

**4.1 Ageing of Receivables from Non-exchange Transactions**

**As at 30 June 2014**

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Assessment Rates:</b>					
Gross Balances	1 084 554	517 439	491 896	9 748 732	11 842 621
Less: Provision for Impairment	-958 690	-457 389	-434 811	-8 617 377	(10 468 267)
<b>Net Balances</b>	<b>125 864</b>	<b>60 050</b>	<b>57 085</b>	<b>1 131 355</b>	<b>1 374 354</b>
<b>Payments made in Advance:</b>					
Gross Balances	603 217	-	-	-	603 217
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>603 217</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>603 217</b>
<b>Accruals:</b>					
Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sundry Deposits:</b>					
Gross Balances	100 000	-	-	-	100 000
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>100 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100 000</b>
<b>Sundry Debtors:</b>					
Gross Balances	1 608 474	-	-	-	1 608 474
Less: Provision for Impairment	(315 180)	-	-	-	(315 180)
<b>Net Balances</b>	<b>1 293 294</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 293 294</b>

As at 30 June 2014 Receivables of R1 248 490 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>				
Gross Balances	517 439	491 896	9 748 732	10 758 067
Less: Provision for Impairment	(457 389)	(434 811)	(8 617 377)	(9 509 577)
<b>Net Balances</b>	<b>60 050</b>	<b>57 085</b>	<b>1 131 355</b>	<b>1 248 490</b>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (Continued)**

**4.1 Ageing of Receivables from Non-exchange Transactions (Continued)**

As at 30 June 2013

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Assessment Rates:</b>					
Gross Balances	647 025	202 670	35 569	10 510 624	11 395 888
Less: Provision for Impairment	136 997	130 278	15 339	7 507 787	7 790 401
<b>Net Balances</b>	<b>510 028</b>	<b>72 392</b>	<b>20 230</b>	<b>3 002 837</b>	<b>3 605 487</b>
<b>Payments made in Advance:</b>					
Gross Balances	434 497	-	-	-	434 497
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>434 497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>434 497</b>
<b>Accruals:</b>					
Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sundry Deposits:</b>					
Gross Balances	100 000	-	-	-	100 000
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>100 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100 000</b>
<b>Sundry Debtors:</b>					
Gross Balances	609 333	-	-	-	609 333
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>609 333</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>609 333</b>

As at 30 June 2013 Receivables of R3,095,459 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>				
Gross Balances	202 670	35 569	10 510 624	10 748 863
Less: Provision for Impairment	130 278	15 339	7 507 787	7 653 404
<b>Net Balances</b>	<b>72 392</b>	<b>20 230</b>	<b>3 002 837</b>	<b>3 095 459</b>

**4.2 Reconciliation of Provision for Impairment**

Balance at beginning of year	7 790 400	7 341 600
Impairment Losses recognised	2 677 867	448 800
<b>Balance at end of year</b>	<b>10 468 267</b>	<b>7 790 400</b>

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together as financial assets with similar credit risk characteristics and collectively assessed for impairment.

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

Furthermore, no Provision for Impairment was calculated on Receivables from Non-Exchange Transactions other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**5. NON-CURRENT ASSETS HELD-FOR-SALE**

Property Held-for-Sale - at cost	2 060 922	-
<b>Total Non-current Assets Held-for-Sale</b>	<b>2 060 922</b>	<b>-</b>

**5.1 Property Held-for-Sale**

The municipality intends to dispose of some of its undeveloped Land. The sale of the land is busy being concluded and will be completed within the next twelve months. No impairment loss was recognised on reclassification of the property as held-for-sale.

**6. CASH AND CASH EQUIVALENTS**

Current Investments	29 658 401	33 926 738
Bank Accounts	(1 842 499)	6 285 155
Cash on hand	2 140	2 140
<b>Total Bank, Cash and Cash Equivalents</b>	<b>27 818 042</b>	<b>40 214 033</b>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments.

**6.1 Current Investment Deposits**

Call Deposits	29 658 401	33 926 738
<b>Total Current Investment Deposits</b>	<b>29 658 401</b>	<b>33 926 738</b>

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 4,00 % to 5,30 % (2013: 4,90% to 5,50%) per annum.

Deposits attributable to Unspent Conditional Grants	9 461 624	1 749 191
Deposits attributable to Capital Replacement Reserve.	5 000 000	5 000 000
Deposits attributable to Payables from Exchange Transactions	3 358 778	14 685 319
Deposits attributable to Current Provisions	8 456 635	5 050 535
Deposits attributable to Consumer Deposits	1 881 244	1 627 320
Deposits attributable to Payables from Non-Exchange Transactions	4 035 858	6 639 638
<b>Total Deposits attributable to Commitments of the Municipality</b>	<b>32 194 139</b>	<b>34 752 003</b>

**6.2 Bank Accounts**

Cash in Bank	(1 842 499)	6 285 155
Current Investments	29 658 401	
<b>Total Bank Accounts</b>	<b>27 815 902</b>	<b>6 285 155</b>

The Municipality has the following bank accounts:

**Primary Bank Account**

*First National Bank - Vote Number 629929709200*

Cash book balance at beginning of year	6 285 155	299 668
Cash book balance at end of year	(1 842 499)	6 285 155

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	2 238 225	-

*First National Bank - Account Number 52300007898*

Bank statement balance at beginning of year	6 285 155	299 668
Bank statement balance at end of year	-	6 285 155

*ABSA -Aberdeen - Account Number 4053048940*

Bank statement balance at beginning of year	24 987	7 069
Bank statement balance at end of year	23 587	24 987

Interest on overdrawn current accounts are charged at the banker's prime rate plus two percent per annum.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**6. CASH AND CASH EQUIVALENTS (Continued)**

**6.2 Bank Accounts (Continued)**

**Current Investments**

*ABSA - Account Number 9257114251*

Bank statement balance at beginning of year	966 805	695 452
Bank statement balance at end of year	<u>39 337</u>	<u>966 805</u>

*ABSA - Account Number 9071870653*

Bank statement balance at beginning of year	438 619	620 510
Bank statement balance at end of year	<u>459 609</u>	<u>438 619</u>

*ABSA - Account Number 9293816776*

Bank statement balance at beginning of year	5 000 000	-
Bank statement balance at end of year	<u>24 215</u>	<u>5 000 000</u>

*ABSA - Account Number 9293160909*

Bank statement balance at beginning of year	5 000 000	-
Bank statement balance at end of year	<u>5 058 247</u>	<u>5 000 000</u>

*Nedbank - Account Number 7881105836*

Bank statement balance at beginning of year	13 000 000	-
Bank statement balance at end of year	<u>-</u>	<u>13 000 000</u>

*FNB - Account Number 62374218503*

Bank statement balance at beginning of year	560 717	-
Bank statement balance at end of year	<u>3 851 154</u>	<u>560 717</u>

*FNB - Account Number 74374220066*

Bank statement balance at beginning of year	9 300 895	-
Bank statement balance at end of year	<u>146 513</u>	<u>9 300 895</u>

*FNB - Account Number 74463211025*

Bank statement balance at beginning of year	8 000 000	-
Bank statement balance at end of year	<u>-</u>	<u>8 000 000</u>

*Investec - Account Number 50004131452*

Bank statement balance at beginning of year	21 214 107	20 657 311
Bank statement balance at end of year	<u>-</u>	<u>21 214 107</u>

*Investec - Account Number 50006008687*

Bank statement balance at beginning of year	1 445 593	-
Bank statement balance at end of year	<u>52 586</u>	<u>1 445 593</u>

*Nedbank - Account Number 1766000029*

Bank statement balance at beginning of year	20 000 000	-
Bank statement balance at end of year	<u>20 026 740</u>	<u>20 000 000</u>

*Total current investments*

Bank statement balance at beginning of year	84 926 736	21 973 273
Bank statement balance at end of year	<u>29 658 401</u>	<u>84 926 736</u>

**6.3 Cash on hand**

Cash Floats and Advances	2 140	2 140
<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>	<u><u>2 140</u></u>	<u><u>2 140</u></u>

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**7. PROPERTY, PLANT AND EQUIPMENT**

30 June 2014

**Reconciliation of Carrying Value**

Description	Land	Buildings	Infra- structure	Community	Other	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2013</b>	<b>99 861 280</b>	<b>6 611 792</b>	<b>533 097 287</b>	<b>4 573 783</b>	<b>22 930 313</b>	<b>667 074 455</b>
Cost	99 861 280	23 140 429	1 206 715 900	18 789 965	41 088 740	1 389 596 314
- Completed Assets	99 861 280	23 140 429	1 204 328 821	21 659 248	41 088 740	1 390 078 518
- Under Construction	-	-	2 387 079	(2 869 283)	-	(482 204)
Accumulated Depreciation:	-	(16 528 637)	(673 618 613)	(14 216 182)	(18 158 427)	(722 521 859)
- Cost	-	(16 528 637)	(673 618 613)	(14 216 182)	(18 158 427)	(722 521 859)
Acquisitions	-	-	36 952 012	-	679 143	37 631 155
Capital under Construction - Additions:	-	-	3 706 220	-	-	3 706 220
Depreciation:	-	(354 763)	(34 768 258)	(384 052)	(4 274 950)	(39 782 023)
- Based on Cost	-	(354 763)	(34 768 258)	(384 052)	(4 274 950)	(39 782 023)
Carrying value of Disposals:	-	-	-	-	(146 345)	(146 345)
- Cost	-	-	-	-	(394 592)	(394 592)
- Accumulated Depreciation	-	-	-	-	248 247	248 247
Fair value adjustment to land	586 500	-	-	-	-	586 500
Assets transferred to current assets	(2 033 000)	-	-	-	-	(2 033 000)
Capital under Construction - Completed	-	-	(4 079 341)	-	-	(4 079 341)
<b>Carrying values at 30 June 2014</b>	<b>98 414 780</b>	<b>6 257 029</b>	<b>534 907 920</b>	<b>4 189 731</b>	<b>19 188 161</b>	<b>662 957 621</b>
Cost	98 414 780	23 140 429	1 243 294 791	18 789 965	41 373 291	1 425 013 256
- Completed Assets	98 414 780	23 140 429	1 239 588 571	21 659 248	41 373 291	1 424 176 319
- Under Construction	-	-	3 706 220	(2 869 283)	-	836 937
Accumulated Depreciation:	-	(16 883 400)	(708 386 871)	(14 600 234)	(22 185 130)	-762 055 635
- Cost	-	-16 883 400.00	-708 386 871	-14 600 234	-22 185 130	-762 055 635

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2013

**Reconciliation of Carrying Value**

Description	Land	Buildings	Infra- structure	Community	Other	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2012</b>	<b>99 861 280</b>	<b>6 962 205</b>	<b>558 704 021</b>	<b>2 566 688</b>	<b>19 693 418</b>	<b>687 787 613</b>
Cost	99 861 280	23 140 429	1 198 010 750	16 398 819	34 226 541	1 371 637 820
- Completed Assets	99 861 280	23 140 429	1 194 924 192	12 556 082	34 226 541	1 364 708 525
- Under Construction	-	-	3 086 558	3 842 737	-	6 929 295
Accumulated Depreciation:	-	(16 178 224)	(639 306 729)	(13 832 131)	(14 533 123)	(683 850 207)
- Cost	-	(16 178 224)	(639 306 729)	(13 832 131)	(14 533 123)	(683 850 207)
Acquisitions	-	-	6 318 070	5 260 428	7 032 621	18 611 120
Capital under Construction - Additions:	-	-	7 327 692	973 454	-	8 301 146
Depreciation:	-	(350 413)	(34 311 884)	(384 051)	(3 728 981)	(38 775 329)
- Based on Cost	-	(350 413)	(34 311 884)	(384 051)	(3 728 981)	(38 775 329)
Carrying value of Disposals:	-	-	-	-	(66 745)	(66 745)
- Cost	-	-	-	-	(170 422)	(170 422)
- Accumulated Depreciation	-	-	-	-	103 677	103 677
- Based on Cost	-	-	-	-	105 112	105 112
Capital under Construction - Completed	-	-	(4 940 612)	(3 842 737)	-	(8 783 350)
<b>Carrying values at 30 June 2013</b>	<b>99 861 280</b>	<b>6 611 792</b>	<b>533 097 287</b>	<b>4 573 783</b>	<b>22 930 313</b>	<b>667 074 455</b>
Cost	99 861 280	23 140 429	1 206 715 900	18 789 965	41 088 740	1 389 596 314
- Completed Assets	99 861 280	23 140 429	1 204 328 821	21 659 248	41 088 740	1 390 078 518
- Under Construction	-	-	2 387 079	(2 869 283)	-	(482 204)
Accumulated Depreciation:	-	(16 528 637)	(673 618 613)	(14 216 182)	(18 158 427)	(722 521 859)
- Cost	-	(16 528 637)	(673 618 613)	(14 216 182)	(18 158 427)	(722 521 859)

Refer to Appendices "A, B and D" for more detail on Property, Plant and Equipment, including those in the course of construction.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>7. PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
The prior year Property, Plant and Equipment balances have been restated. Refer to Note 36 on "Correction of error, changes in accounting policies and reclassifications" for details of the restatement.		
The municipality did not pledge any of its assets as security. No restrictions apply to any of the Property, Plant and Equipment of the municipality.		
No impairment losses have been recognised on Property, Plant and Equipment of the municipality at the reporting date.		
<b>8. INTANGIBLE ASSETS</b>	<b>2014 R</b>	<b>2013 R</b>
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>31 669</u>	<u>39 485</u>
The movement in Intangible Assets is reconciled as follows:	<b>Computer Software</b>	<b>Total</b>
<b>Carrying values at 01 July 2012</b>	-	-
Cost	-	-
Accumulated Amortisation	-	-
Acquisitions:	44 899	44 899
- Purchased	44 899	44 899
Amortisation:	-5 414	-5 414
- Based on Cost	-5 414	-5 414
<b>Carrying values at 30 June 2013</b>	<b>39 485</b>	<b>39 485</b>
Cost	44 899	44 899
Accumulated Amortisation	-5 414	-5 414
Acquisitions:	1 995	-
- Purchased	1 995	-
Amortisation:	-9 811	-9 811
- Based on Cost	-9 811	-9 811
<b>Carrying values at 30 June 2014</b>	<b>31 669</b>	<b>31 669</b>
Cost	46 894	46 894
Accumulated Amortisation	-15 225	-15 225
The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance.		
No restrictions apply to any of the Intangible Assets of the municipality.		
Refer to Appendix "A" for more detail on Intangible Assets.		
No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.		
<b>9. INVESTMENT PROPERTY</b>	<b>2014 R</b>	<b>2013 R</b>
At Cost less Accumulated Depreciation	<u>199 756</u>	<u>211 516</u>
The movement in Investment Property is reconciled as follows:		
<b>Carrying values at 1 July</b>	<b>211 516</b>	<b>223 276</b>
Cost	458 500	458 500
Accumulated Depreciation	-246 984	-235 224
Acquisitions during the Year	-	-
Depreciation during the Year	-11 760	-11 760
<b>Carrying values at 30 June</b>	<b>199 756</b>	<b>211 516</b>
Cost	458 500	458 500
Accumulated Depreciation	-258 744	-246 984

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014  
R

2013  
R

**9. INVESTMENT PROPERTY (Continued)**

Revenue disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	40 892	126 406
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All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "A" for more detail on Investment Property.

**8.1 Investment Property carried at Fair Value**

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

**8.2 Impairment of Investment Property**

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

**10. HERITAGE ASSETS**

At Cost less Accumulated Impairment Losses	2 370 000	2 370 000
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The movement in Heritage Assets is reconciled as follows:

	Buildings of cultural significance	Museum
Carrying values at 30 June 2013	1 311 800	1 058 200
Cost	1 311 800	1 058 200
Accumulated Impairment	-	-
Carrying values at 30 June 2014	1 311 800	1 058 200
Cost	1 311 800	1 058 200
Accumulated Impairment	-	-

The Municipality has elected to make use of the transitional provisions as set out in Directive 3, which states that entities are not required to measure heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage Assets.

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "A" for more detail on Heritage Assets.

**10.1 Significant Heritage Assets not measured**

The Municipality has not measured the following classes of heritage assets:

Class of Heritage Asset	Description	Reason for no measurement
Victoria hall cutlery and crockery	Crockery and cutlery with the Victoria Hall emblem. These items have been loaned to the Museum.	The skill and expertise to value this collection is rare. An experienced antiquarian or one of the renowned auction houses may have sufficient skill, knowledge and expertise to perform this valuation. The Municipality was not able to estimate a value at 30 June 2014.



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014  
R

2013  
R

**10. HERITAGE ASSETS (Continued)**

Class of Heritage Asset	Description	Reason for no measurement
Collections of rare books or manuscripts	The Africana collection is a collection of valuable books, pamphlets, maps, pictorial works and other items on sub-Saharan Africa, with specific focus on Southern African history.	The collection is vast and is housed in various establishments both local and Internationally. The skill and expertise to value this collection is rare. An experienced antiquarian, specialised libraries or one of the renowned auction houses may have sufficient skill, knowledge and expertise to perform this valuation. The Municipality was not able to estimate a value at 30 June 2014.
Monuments, memorials & statues	Include the movement of the Jewish Pedlars, War Memorial, Huguenot Monument, Union Monument, Krugerdorp Monument, San & Khoi Genocide Memorial and the Old Powder Magazine.	The skill and expertise to value sites of historical and cultural significance is rare. At the time of issuing the financial statements, the Municipality has not identified the skills set and related experience to value these assets. The Municipality was not able to estimate a value at 30 June 2014.

**9.2 Impairment of Heritage Assets**

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

**9.3 Heritage Assets measured after recognition using the Revaluation Model**

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

**9.4 Heritage Assets pledged as security**

None of the assets have been pledged as security in the current and prior year.

**9.5 Restrictions on title and disposal of Heritage Assets**

There is no restriction on title or disposal of Heritage Assets. The requirements of the National Heritage Resources Act (No. 25 of 1999) and related legislation will transfer to the donee or buyer.

**11. CONSUMER DEPOSITS**

	2014 R	2013 R
Electricity and Water	1 881 244	1 627 320
<b>Total Consumer Deposits</b>	<b>1 881 244</b>	<b>1 627 320</b>

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values. The amortised cost of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>12. PROVISIONS</b>		
Bonuses	1 781 778	1 869 032
Salaries and wages wage curve provision	-	629 615
<b>Total Provisions</b>	<u><u>1 781 778</u></u>	<u><u>2 498 647</u></u>

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. Listed below are the criteria against which senior managers are evaluated:

KPA 1 - Organisational Transformation and Institutional Development  
KPA 2 - Service Delivery and Infrastructure Planning  
KPA 3 - Local Economic Development  
KPA 4 - Financial Viability  
KPA 5 - Good Governance and Public Participation  
KPA 6 - Spatial Development Rationale

Salaries and wages provision accrues to all eligible employees in terms of the wage curve agreement. This agreement has been challenged in the Labour Appeals Court and has now been taken to the Constitutional Court. The provision raised in the prior year has been reversed in the current year due to there being uncertainty relating to there being a past event.

The movement in provisions are reconciled as follows:

**Current Provisions:**

**Performance Bonuses:**

Balance at beginning of year	378 861	436 241
Contributions to provision	-276 562	273 663
Expenditure incurred	-	-331 043
<b>Balance at end of year</b>	<u><u>102 299</u></u>	<u><u>378 861</u></u>

**Staff Bonuses:**

Balance at beginning of year	1 490 171	1 411 547
Contributions to provision	189 308	2 649 045
Expenditure incurred	-	-2 570 421
<b>Balance at end of year</b>	<u><u>1 679 479</u></u>	<u><u>1 490 171</u></u>

**13. PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Creditors	2 551 182	7 116 563
Accruals	653 950	2 503 470
Retentions	37 932	330 867
Other Creditors	115 714	1 046 545
Staff Leave Accrued	3 296 544	3 005 116
<b>Total Payables</b>	<u><u>6 655 322</u></u>	<u><u>14 002 561</u></u>

Payables from Exchange Transactions have been reclassified between Payables from Exchange and Non-Exchange Transactions to correctly classify the nature of the balances Refer to Note 35.1 on "Comparative Information" for details of the restatement.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014  
R

2013  
R

**14. PAYABLES FROM NON-EXCHANGE TRANSACTIONS**

Sundry Deposits	-	912 169
Other Creditors	739 314	2 722 354
<b>Total Payables</b>	<u>739 314</u>	<u>3 634 523</u>

Payables from Exchange Transactions have been reclassified between Payables from Exchange and Non-Exchange Transactions to correctly classify the nature of the balances Refer to Note 35.2 on "Comparative Information" for details of the restatement.

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

Other debtors consists of amounts received in advance as well as funding received for the Satellite Aquaculture Project.

**15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

<b>Conditional Grants from Government</b>	<b>9 461 624</b>	<b>1 749 191</b>
Local Government Grants	<u>9 461 624</u>	<u>1 749 191</u>
<b>Total Unspent Conditional Grants</b>	<u><u>9 461 624</u></u>	<u><u>1 749 191</u></u>

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 21 for the reconciliation of Grants from Government and other Conditional Receipts. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "E" for more detail on Conditional Grants.

**16. VAT PAYABLE**

VAT Payable	<u>4 931 384</u>	<u>3 229 916</u>
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Camdeboo Municipality is registered for VAT on the payment basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

**17. LONG-TERM LIABILITIES**

**17.1 Operating lease liabilities**

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. No liability existed at 30 June as none of the contracts has any escalation clauses.

**17.2 Leasing Arrangements**

**The Municipality as Lessee:**

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

**18. EMPLOYEE BENEFIT LIABILITIES**

Post-retirement Health Care Benefits Liability	19 306 378	19 483 000
Provision for Long Service Awards	<u>3 303 699</u>	<u>3 211 000</u>
	<u><u>22 610 077</u></u>	<u><u>22 694 000</u></u>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>18. EMPLOYEE BENEFIT LIABILITIES (Continued)</b>		
<b>18.1 Post-retirement Health Care Benefits Liability</b>		
Balance at beginning of Year	20 266 000	18 285 863
Contributions to Provision	576 198	2 612 996
Contribution (Benefits paid)	-783 000	-632 859
Balance at end of Year	<u>20 059 198</u>	<u>20 266 000</u>
Transfer to Current Provisions	-752 820	-783 000
<b>Total Post-retirement Health Care Benefits Liability</b>	<u><b>19 306 378</b></u>	<u><b>19 483 000</b></u>

**Current Portion of Non-Current Provisions:**

Balance at beginning of year	783 000	695 088
Transfer from non-current	752 820	783 000
Contribution (Benefits paid)	-783 000	-695 088
<b>Balance at end of year</b>	<u><b>752 820</b></u>	<u><b>783 000</b></u>

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	147	152
Continuation Members (Retirees, widowers and orphans)	26	26
<b>Total Members</b>	<u><b>173</b></u>	<u><b>178</b></u>

The liability in respect of past service has been estimated as follows:

In-service Members	9 394 235	8 758 000
Continuation Members	10 664 963	11 508 000
<b>Total Liability</b>	<u><b>20 059 198</b></u>	<u><b>20 266 000</b></u>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2014 is estimated to be R531 000, whereas the cost for the ensuing year is estimated to be R531 000 (30 June 2013: R596,500 and R531,000 respectively).

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R			
<b>18. EMPLOYEE BENEFIT LIABILITIES (Continued)</b>					
<b>18.1 Post-retirement Health Care Benefits Liability (Continued)</b>					
The principal assumptions used for the purposes of the actuarial valuations were as follows:					
Discount Rate	9%	9%			
Health Care Cost Inflation Rate	8%	9%			
Net Effective Discount Rate	71%	0%			
Expected Retirement Age - Females	63	65			
Expected Retirement Age - Males	63	65			
Movements in the present value of the Defined Benefit Obligation were as follows:					
Balance at the beginning of the year	20 266 000	18 285 863			
Current service costs	531 000	596 500			
Interest cost	1 737 000	1 391 300			
Benefits paid	-783 000	-632 859			
Actuarial losses / (gains)	-1 691 802	625 196			
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>20 059 198</b>	<b>20 266 000</b>			
<b>Total Recognised Benefit Liability</b>	<b>20 059 198</b>	<b>20 266 000</b>			
The amounts recognised in the Statement of Financial Position are as follows:					
Present value of fund obligations	20 059 198	20 266 000			
Unfunded Accrued Liability	20 059 198	20 266 000			
<b>Total Benefit Liability</b>	<b>20 059 198</b>	<b>20 266 000</b>			
The amounts recognised in the Statement of Financial Performance are as follows:					
Current service cost	531 000	596 500			
Interest cost	1 737 000	1 391 300			
Actuarial losses / (gains)	-1 691 802	625 196			
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 27)</b>	<b>576 198</b>	<b>2 612 996</b>			
The history of experienced adjustments is as follows:					
	2014 R	2013 R	2012 R	2011 R	2010 R
Present Value of Defined Benefit Obligation	20 059 198	20 266 000	18 285 863	17 370 090	14 460 236
<b>Deficit</b>	<b>20 059 198</b>	<b>20 266 000</b>	<b>18 285 863</b>	<b>17 370 090</b>	<b>14 460 236</b>
Experienced adjustments on Plan Liabilities	-1 788 000	-1 526 436	-1 398 000	322 000	477 000
In accordance with the transitional provisions for the amendments to GRAP 25 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.					
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:					
<b>Increase:</b>					
Effect on the aggregate of the current service cost and the interest cost				451 300	432 000
Effect on the defined benefit obligation				3 194 000	3 298 000
<b>Decrease:</b>					
Effect on the aggregate of the current service cost and the interest cost				-358 600	-343 000
Effect on the defined benefit obligation				-2 600 000	-2 674 000

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>18. EMPLOYEE BENEFIT LIABILITIES (Continued)</b>		
<b>18.2 Provision for Long Service Awards</b>		
Balance at beginning of year	3 868 000	2 819 152
Contributions to provision	677 885	1 263 193
Contribution (Benefits paid)	-657 000	-214 345
	<u>3 888 885</u>	<u>3 868 000</u>
Transfer to current provisions	-585 186	-657 000
<b>Balance at end of year</b>	<u><b>3 303 699</b></u>	<u><b>3 211 000</b></u>
<b>Current Portion of Provision for Long Service Awards:</b>		
Balance at beginning of year	657 000	234 249
Transfer from non-current	585 186	657 000
Contribution (Benefits paid)	-657 000	-234 249
<b>Balance at end of year</b>	<u><b>585 186</b></u>	<u><b>657 000</b></u>
<b>18.1 Long Service Awards</b>		
A Long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the municipality. The provision represents an estimation of the awards to which employees in the service of the municipality may become entitled to in the future, based on an actuarial valuation performed.		
The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.		
At 30 June 2014, 328 (2013: 317) employees were eligible for Long-service Awards.		
The Current-service Cost for the year ending 30 June 2014 is estimated to be R419,000, whereas the cost for the ensuing year is estimated to be R390,164 (30 June 2013: R345,601 and R419,000 respectively).		
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>		
Discount Rate	8%	9%
Cost Inflation Rate	7%	8%
Net Effective Discount Rate	1%	0%
Expected Retirement Age - Females	63	65
Expected Retirement Age - Males	63	65
<b>Movements in the present value of the Defined Benefit Obligation were as follows:</b>		
Balance at the beginning of the year	3 868 000	2 819 152
Current service costs	419 000	345 601
Interest cost	333 000	173 127
Benefits paid	-657 000	-214 345
Actuarial losses / (gains)	-74 115	744 465
<b>Present Value of Fund Obligation at the end of the Year</b>	<u><b>3 888 885</b></u>	<u><b>3 868 000</b></u>
<b>Total Recognised Benefit Liability</b>	<u><b>3 888 885</b></u>	<u><b>3 868 000</b></u>
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	3 888 885	3 868 000
Unfunded Accrued Liability	3 888 885	3 868 000
<b>Total Benefit Liability</b>	<u><b>3 888 885</b></u>	<u><b>3 868 000</b></u>



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R			
<b>18. EMPLOYEE BENEFIT LIABILITIES (Continued)</b>					
<b>18.1 Long Service Awards (Continued)</b>					
The amounts recognised in the Statement of Financial Performance are as follows:					
Current service cost	419 000	345 601			
Interest cost	333 000	173 127			
Actuarial losses / (gains)	-74 115	744 465			
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 27)</b>	<b><u>677 885</u></b>	<b><u>1 263 193</u></b>			
The history of experienced adjustments is as follows:					
	2014 R	2013 R	2012 R	2011 R	2010 R
Present Value of Defined Benefit Obligation	3 888 885	3 868 000	2 819 152	2 649 111	2 169 528
<b>Deficit</b>	<b><u>3 888 885</u></b>	<b><u>3 868 000</u></b>	<b><u>2 819 152</u></b>	<b><u>2 649 111</u></b>	<b><u>2 169 528</u></b>
Experienced adjustments on Plan Liabilities	68 797	-	118 317	96 249	-23 929
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:					
<b>Increase:</b>					
Effect on the aggregate of the current service cost and the interest cost				49 200	55 000
Effect on the defined benefit obligation				240 000	254 000
<b>Decrease:</b>					
Effect on the aggregate of the current service cost and the interest cost				-44 300	-48 000
Effect on the defined benefit obligation				-217 000	-229 000
The municipality expects to make a contribution of R657 000 (2013: R214 345) to the defined benefit plans during the next financial year.					

**19. PROVISIONS FOR REHABILITATION OF LAND-FILL SITES**

Provision for Rehabilitation of Land-fill Sites	243 888	436 943
The movement in Non-current Provisions are reconciled as follows:		
Balance at beginning of year	4 539 684	4 529 773
Increase due to discounting	-	9 911
Expenditure incurred	-4 295 796	-
<b>Balance at end of year</b>	<b>243 888</b>	<b>4 539 684</b>
Transfer to current provisions	-	-4 102 741
<b>Balance at end of year</b>	<b>243 888</b>	<b>436 943</b>

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R nil (2013: R436,943) to restore the site at the end of its useful life, estimated to be in 2015. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

A contract is in place with a service provider for the rehabilitation of the Land-fill Site. In terms of the contract the service needs to be rendered and completed within 18 weeks after the service provider commences with the work.

The uncertainties and assumptions attached to this provision are listed as follows:

The landfill closure designs are based on current day legislation (Minimum Requirements for Waste Disposal by Landfill, Second Edition 1998) and current permits. Should the Minister require for the sites to be relicensed or brought in line with new legislation, the closure requirements may be affected which may in turn affect the costing analysis.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014                      2013  
R                              R

**19. PROVISIONS FOR REHABILITATION OF LAND-FILL SITES (Continued)**

It is assumed that clean sand and clay is available locally (nearby/alongside/within) to the site and no importation (long-distance haulage) of materials is required. Material on or close to site is sufficient for closure.

It is assumed that the general public have not requested a specific final shape or enduse for the landfill sites.

The estimate does not take into account post closure monitoring or maintenance costs as this is an item for the Municipality's OPEX budget.

It is assumed that there are no special influences that may affect the cap design.

It is assumed that existing ground water monitoring boreholes are in working order.

It is noted that no building infrastructure is required as part of the closure.

A construction period of 3.5, 4 and 6 months for the Nieu-Bethesda, Aberdeen and Graaff-Reinet sites respectively has been assumed. These construction periods are educated assumptions and are based on previous and current projects of a similar size.

**20. ACCUMULATED SURPLUS**

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	5 000 000	5 000 000
Self-insurance Reserve	5 509 732	5 700 369
Accumulated Surplus / (Deficit) due to the results of Operations	660 145 780	670 509 199
<b>Total Accumulated Surplus</b>	<b><u>670 655 512</u></b>	<b><u>681 209 568</u></b>

Accumulated Surplus has been restated to correctly classify amounts held by the municipality as indicated below. Refer to Notes 35 on "Comparative Information" for details of the restatements.

- Restatement of Receivables from Non-Exchange transactions
- Restatement of Property, Plant and Equipment
- Restatement of Depreciation Charges
- Restatement of Receivables from Non-Exchange transactions

The Capital Replacement Reserve is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

The Capitalisation Reserve equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The Donations and Public Contributions Reserve equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Donations and Public Contributions Reserve ensures consumer equity and is not backed by cash.

The Government Grants Reserve equals the carrying value of the items of property, plant and equipment financed from government grants. The Government Grants Reserve ensures consumer equity and is not backed by cash.

The Self-insurance Reserve is a reserve to fund future insurance losses that will not be recouped from external insurers.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

**21. PROPERTY RATES**

	Property Valuations		Actual Levies	
	July 2014 R	July 2013 R	July 2014 R	July 2013 R
Residential	1 198 225 763	1 196 996 763	5 716 044	6 036 856
Commercial	406 348 637	408 407 637	4 025 070	3 885 415
Industrial	41 357 000	41 382 000	473 124	419 287
Agricultural	1 563 852 949	1 560 494 949	1 889 093	1 745 405
State	432 475 000	432 745 500	4 951 072	4 644 976
Municipal	176 542 700	174 653 400	-	-
Exempted Properties	120 452 100	119 909 500	-	-
Multiple	11 268 600	15 933 000	116 534	135 245
<b>Total Property Rates</b>	<b><u>3 950 522 749</u></b>	<b><u>3 950 522 749</u></b>	<b><u>17 170 937</u></b>	<b><u>16 867 184</u></b>

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last general valuation came into effect on 1 July 2008. Interim valuations are processed on an continuous basis to take into account changes in individual property values due to alterations and subdivisions. Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>22. GOVERNMENT GRANTS AND SUBSIDIES</b>	<b>2014 R</b>	<b>2013 R</b>
National Equitable Share	39 006 000	37 264 000
Provincial Health Subsidies	1 056 562	1 031 324
Local Economic Development Office	229 275	87 990
Vuna awards	-	40 000
Library Grant	1 557 000	1 680 600
Cacadu District Municipality Grant	375 000	375 000
SETA Training Grant	125 769	178 840
Integrated Development Plan Grant	-	50 000
Water Affairs	-	600 000
Housing Projects	-	1 714
SPU Grant	-	10 000
Khoi San	30 000	-
<b>Operational Grants</b>	<b>42 379 606</b>	<b>41 319 468</b>
<b>Conditional Grants</b>	<b>15 972 611</b>	<b>2 790 169</b>
National Government: FINANCE MANAGEMENT GRANT	1 400 600	1 583 240
National Government: MIG	10 814 297	-5 211 746
National Government: MSIG	884 881	800 000
National Government: DME	-	1 460 000
National Government: EPWP	1 000 000	1 000 000
National Government: Water Affairs	1 872 833	-
Other Government: Fonteinbos	-	49 289
Other Government: National Lottery Fund	-	3 109 386
<b>Total Government Grants and Subsidies</b>	<b>58 352 217</b>	<b>44 109 637</b>

The conditions attached to the grants have been complied with for the year.

**Operational Grants:**

**22.1 National: Equitable Share**

Balance unspent at beginning of year		
Current year receipts	-39 006 000	37 264 000
Transferred to Revenue	39 006 000	-37 264 000
	<u>-</u>	<u>-</u>

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R184.36 (2013: R175.46), based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All residential households receive 6 kl water and 50 kWh electricity (indigents only) free every month. No funds have been withheld.

**22.2 Provincial: Health Subsidies**

Current year receipts - included in Public Health vote	-1 056 562	1 031 324
Transferred to Revenue	1 056 562	-1 031 324
	<u>-</u>	<u>-</u>

This grant has been used to fund environmental health care services (included in Appendix "D"), which services are in the process of being transferred to Provincial Government.

**22.3 Local Government: Local Economic Development Office**

Current year receipts	229 275	87 990
Transferred to Revenue	-229 275	-87 990
	<u>-</u>	<u>-</u>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>22. GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>		
<b>22.4 Local Government: Vuna Awards</b>		
Current year receipts	-	40 000
Transferred to Revenue	-	-40 000
	<u>-</u>	<u>-</u>
<b>22.5 Local Government: Library Grant</b>		
Balance unspent at beginning of year	-	-3 884
Current year receipts	1 557 000	1 684 484
Transferred to Revenue	-1 557 000	-1 680 600
Transferred to Receivables (see Note 4)	<u>-</u>	<u>-</u>
<b>22.6 Local Government: Cacadu District Municipality Grant</b>		
Current year receipts	-375 000	375 000
Transferred to Revenue	375 000	-375 000
	<u>-</u>	<u>-</u>
<b>22.7 Local Government: SETA Grant</b>		
Current year receipts	-125 769	178 840
Transferred to Revenue	125 769	-178 840
	<u>-</u>	<u>-</u>
<b>22.8 Local Government: Integrated Development Plan Grant</b>		
Current year receipts	-	50 000
Transferred to Revenue	-	-50 000
	<u>-</u>	<u>-</u>
<b>22.9 Local Government: SPU Grant</b>		
Current year receipts	-	10 000
Transferred to Revenue	-	-10 000
	<u>-</u>	<u>-</u>
<b>22.10 Housing Projects</b>		
Current year receipts	-	1 714
Transferred to Revenue	-	-1 714
	<u>-</u>	<u>-</u>
<b>22.11 Khoi San</b>		
Balance unspent at beginning of year	-	-
Current year receipts	30 000	-
Conditions met - transferred to Revenue: Operating Expenses	-30 000	-
	<u>-</u>	<u>-</u>
<b>Conditional Grants:</b>		
<b>22.12 Local Government: Water Affairs Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	2 825 266	600 000
Transferred to Revenue	-1 872 833	-600 000
Outstanding Receipts	-	-825 266
Adjustment to Government Grants and Subsidies	-	825 266
Transferred to Receivables (see Note 4)	<u>952 433</u>	<u>-</u>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014  
R

2013  
R

**22. GOVERNMENT GRANTS AND SUBSIDIES (Continued)**

**22.13 National: FMG Grant**

Balance unspent at beginning of year	-	-166 760
Current year receipts	1 750 000	1 750 000
Conditions met - transferred to Revenue: Operating Expenses	-952 833	-1 407 148
Conditions met - transferred to Revenue: Capital Expenses	-292 867	-333 266
Other Adjustments	-155 018	157 174
Transferred to Receivables (see Note 4)	<u>349 282</u>	<u>-</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

**22.14 National: MIG Funds**

Balance unspent at beginning of year	0	-20 946 746
Current year receipts	17 939 000	15 735 000
Conditions met - transferred to Revenue: Operating Expenses	-865 386	-758 714
Conditions met - transferred to Revenue: Capital Expenses	-6 726 139	-1 008 991
Other Adjustments	-3 222 772	6 979 451
Transferred to Receivables (see Note 4)	<u>7 124 703</u>	<u>0</u>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. No funds have been withheld.

**22.15 National: MSIG Funds**

Balance unspent at beginning of year	-	-
Current year receipts	890 000	800 000
Conditions met - transferred to Revenue: Operating Expenses	-834 641	-723 385
Conditions met - transferred to Revenue: Capital Expenses	-25 769	-42 572
Other Adjustments	-24 471	-34 043
Transferred to Receivables (see Note 4)	<u>5 119</u>	<u>-</u>

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

**22.16 National: Department of Minerals and Energy**

Balance unspent at beginning of year	-	-140 000
Current year receipts	4 760 000	1 600 000
Conditions met - transferred to Revenue: Capital Expenses	-	-1 599 818
Other Adjustments	-	139 818
Transferred to Receivables (see Note 4)	<u>4 760 000</u>	<u>-</u>

Expenses were incurred to promote rural development and upgrade electricity infrastructure. No funds have been withheld.

**22.17 National Government: EPWP**

Balance unspent at beginning of year	-	-
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to Revenue: Capital Expenses	-1 000 000	-1 000 000
	<u>-</u>	<u>-</u>

Expenses were incurred to promote rural development. No funds have been withheld.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>22. GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>		
Conditional Grants (Continued):		
<b>22.18 Other Government: Fonteinbos</b>		
Balance unspent at beginning of year	1 749 191	1 798 480
Conditions met - transferred to Revenue: Operating Expenses	-	-43 236
Other Adjustments	-	-6 053
Conditions still to be met - transferred to Liabilities (see Note 15)	<u>1 749 191</u>	<u>1 749 191</u>
No funds have been withheld.		
<b>22.19 Local Government: National Lottery Fund</b>		
Balance unspent at beginning of year	0	-238 494
Current year receipts	2 000 000	2 001 200
Conditions met - transferred to Revenue: Capital Expenses	-	-2 727 532
Other Adjustments	-	964 826
Transferred to Receivables (see Note 4)	<u>2 000 000</u>	<u>0</u>
<b>22.20 Khoi San</b>		
Balance unspent at beginning of year	-	-
Current year receipts	30 000	-
Conditions met - transferred to Revenue: Operating Expenses	<u>-30 000</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**22.21 Changes in levels of Government Grants**

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2014), government grant funding is expected to increase over the forthcoming three financial years.

**23. SERVICE CHARGES**

Sale of Electricity	69 727 650	66 233 887
Sale of Water	14 977 010	15 154 754
Refuse Removal	3 442 660	2 889 155
Sewerage and Sanitation Charges	6 487 175	5 768 463
Other Service Charges	964 760	823 700
<b>Total Service Charges</b>	<u>95 599 255</u>	<u>90 869 959</u>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

**24. RENTAL OF FACILITIES AND EQUIPMENT**

Rental Revenue from Amenities	67 054	67 765
Rental Revenue from Buildings	74 965	73 818
Rental Revenue from Halls	160 959	156 410
Rental Revenue from Land	84 023	96 833
Rental Revenue from Other Facilities	232 080	228 490
<b>Total Rental of Facilities and Equipment</b>	<u>619 081</u>	<u>623 316</u>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>25. INTEREST EARNED</b>		
<b>External Investments:</b>		
Bank Account	191 546	169 850
Investments	2 386 594	1 931 414
	<u>2 578 140</u>	<u>2 101 264</u>
<b>Outstanding Debtors:</b>		
Long-term Debtors	42	284
Outstanding Billing Debtors	3 928 316	3 551 246
	<u>3 928 358</u>	<u>3 551 530</u>
<b>Total Interest Earned</b>	<u>6 506 498</u>	<u>5 652 794</u>

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Held-to-Maturity Investments	2 578 140	2 101 264
Loans and Receivables	3 928 358	3 551 530
	<u>6 506 498</u>	<u>5 652 794</u>

**26. OTHER REVENUE**

Bulk Contributions	265 329	127 105
Insurance Claims	648 175	727 573
Printing, Stationary and Registration	143 240	96 072
Sundry Income	132 311	174 998
Tender Documents	23 862	28 828
Work done for private persons	247 960	399 621
Interdepartmental Charges	63 754	58 247
<b>Total Other Revenue</b>	<u>1 524 631</u>	<u>1 612 444</u>

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 21 to 25, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

**27. EMPLOYEE RELATED COSTS**

Employee Related Costs - Salaries and Wages	41 693 134	38 611 689
Basic Salaries and Wages	41 693 134	38 430 293
Contribution to Leave Fund	-	181 396
Service Bonuses	-	-
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	9 926 544	8 661 361
Group Life	396 376	403 096
Medical	2 202 363	2 014 479
Pension	6 942 752	5 898 553
UIF	385 053	345 233
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 192 364	1 098 798
Allowances	1 192 364	1 098 798
Housing Benefits and Allowances	130 355	124 061
Overtime Payments	2 414 199	1 935 054
Performance Bonuses	-87 255	273 663
Defined Benefit Plan Expense:	92 991	3 876 189
Current Service Cost	950 000	942 101
Interest Cost	2 070 000	1 564 427
Net Actuarial (gains)/losses recognised	-2 927 009	1 369 661
<b>Total Employee Related Costs</b>	<u>55 362 332</u>	<u>54 580 815</u>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>27. EMPLOYEE RELATED COSTS (Continued)</b>		
<b>Remuneration of Section 57 Employees:</b>		
<i><b>Remuneration of the Municipal Manager</b></i>		
Annual Remuneration	529 289	674 748
Performance Bonus	-	97 366
Car and Other Allowances	164 461	75 132
Company Contributions to UIF, Medical and Pension Funds	1 085	97 657
<b>Total</b>	<b>694 835</b>	<b>944 903</b>
Appointment date for the manager was 1 December 2013		
<i><b>Remuneration of the Chief Financial Officer</b></i>		
Annual Remuneration	836 221	621 733
Performance Bonus	-	77 892
Car and Other Allowances	195 824	120 000
Company Contributions to UIF, Medical and Pension Funds	1 861	1 784
<b>Total</b>	<b>1 033 906</b>	<b>821 409</b>
<i><b>Remuneration of the Manager: Corporate Services</b></i>		
Annual Remuneration	382 794	527 868
Performance Bonus	-	77 892
Car and Other Allowances	80 000	120 000
Company Contributions to UIF, Medical and Pension Funds	66 788	95 649
<b>Total</b>	<b>529 582</b>	<b>821 409</b>
<i><b>Remuneration of the Manager: Technical Services</b></i>		
Annual Remuneration	379 169	596 746
Performance Bonus	-	77 892
Car and Other Allowances	70 021	64 687
Company Contributions to UIF, Medical and Pension Funds	21 005	82 084
<b>Total</b>	<b>470 195</b>	<b>821 409</b>

**28. REMUNERATION OF COUNCILLORS**

Mayor	542 261	420 603
Councillors	2 643 523	2 342 283
Other Allowances (Cellular Phones, Housing, Transport, etc)	319 152	188 872
<b>Total Councillors' Remuneration</b>	<b>3 504 936</b>	<b>2 951 758</b>

**Remuneration of Councillors:**

***In-kind Benefits***

The Councillors occupying the positions of the Mayor serve in a full-time capacity and is provided with office accommodation and secretarial support at the expense of the municipality in order to enable adequate performance of their official duties.

Councillors may utilise official Council transportation when engaged in official duties.

The Mayor has use of a Council owned vehicle for official duties.

Security Services were rendered at the houses of the Mayor at the expense of the municipality.

**29. DEPRECIATION AND AMORTISATION**

Depreciation: Property, Plant and Equipment	39 764 849	38 758 155
Amortisation: Intangible Assets	5 414	5 414
Depreciation: Investment Property	11 760	11 760
<b>Total Depreciation and Amortisation</b>	<b>39 782 023</b>	<b>38 775 330</b>

Depreciation and Amortisation have been restated to account for the change in useful lives of assets in terms of GRAP 17. Refer to Note 35.4 on "Comparative Information" for details of the restatement.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>30. IMPAIRMENT LOSSES</b>		
<b>30.1 Impairment Losses on Financial Assets</b>		
Impairment Losses Recognised:	8 433 204	2 751 942
Receivables from Exchange Transactions	5 440 157	2 303 142
Receivables from Non-exchange Transactions	2 993 047	448 800
	<u>8 433 204</u>	<u>2 751 942</u>
<b>Total Impairment Losses</b>	<u>8 433 204</u>	<u>2 751 942</u>
<b>31 BULK PURCHASES</b>		
Electricity	43 697 064	41 041 199
<b>Total Bulk Purchases</b>	<u>43 697 064</u>	<u>41 041 199</u>
<b>32. CONTRACTED SERVICES</b>		
Internal Audit	490 266	423 827
Security Services	1 222 125	1 092 356
<b>Total Contracted Services</b>	<u>1 712 391</u>	<u>1 516 183</u>
<b>33. GRANTS AND SUBSIDIES PAID</b>		
Subsidies paid to SPCA	18 000	18 000
<b>Total Grants and Subsidies</b>	<u>18 000</u>	<u>18 000</u>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014  
R

2013  
R

**34. GENERAL EXPENSES**

Included in General Expenses are the following:

Adverts, Printing & Stationary	358 423	556 812
Affiliations & Subscriptions	464 280	625 615
Audit Committee	83 869	53 403
Audit Fees - External	3 672 263	1 653 608
Bank Charges	492 281	448 014
Celebration Of National Days	41 434	41 157
Chemicals	1 572 651	1 198 458
Consumables	103 502	152 640
Copiers And Fax Lease Payments	187 454	371 481
Copiers And Fax Maintenance	751 293	390 188
Entertainment - Public / Visitors	45 073	49 313
DWA Expenditure	692 952	-
FMG Operating Expenditure	1 328 612	1 407 148
General Expenses	562 672	521 063
Housing grant	-	101 764
Insurance - General	770 313	1 086 991
Legal Costs & Litigation	231 862	7 958
Levy - Seta Skills Development	472 899	423 281
Levy - Water Research Fund: Dwaf	208 250	145 806
Linen - Financed From Lain Estate	-	65 146
Materials, Stores & Requiremnt	206 877	318 750
MSIG operating expenditure	1 765 061	723 992
Municipal Service Charges	12 438 070	14 992 008
Office Tea & Requirements	3 738	2 630
Postage	510 970	449 250
Prepaid Commission	538 077	459 349
Professional Fees	96 658	30 646
Provision For Landfill Sites	-	9 911
PMU operating expenditure	-	758 714
Publicity	120 000	120 000
Restrictive grant	633 970	-
Stipends: Ward committee	431 243	524 280
Spu Project	34 900	35 172
Stock losses	604	28 821
Telephones	1 833 052	1 816 815
Testing - Biological Samples	59 415	79 999
Training Courses	118 464	193 465
Travelling And Subsistence	702 882	564 073
Valuation Services	446 183	237 127
Work Done For Private Persons	551 654	533 148
Inter-Departmental Transfers	3 679 916	3 275 241

**Total General Expenses**

**36 211 817**      **34 453 237**

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

**34.1 Material Losses**

**Distribution Losses:**

Electricity Losses

Water Losses

	<b>11 487 053</b>	<b>9 420 280</b>
Electricity Losses	3 802 287	1 496 904
Water Losses	7 684 766	7 923 376

The amounts disclosed above for Electricity and Water Losses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.

No other extra-ordinary expenses were incurred.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014                      2013  
R                              R

**35. COMPARATIVE INFORMATION**

The comparative information has changed because of changes in useful lives of assets and errors incurred in the prior year. For the detail of each change, please refer to the note relating to errors (note 36).

The changes has been corrected retrospectively and the comparative figures have been appropriately restated.

**35. COMPARATIVE INFORMATION (Continued)**

Account Heading/Transaction	Reason for Adjustment	Amount
<b>35.1 Receivables from Exchange Transactions</b>		
Balance as per 2012/13 AFS	Error	14 685 319
Receivables incorrectly classified as from exchange transactions	Error	3 005 115
		<u>17 690 434</u>
<b>35.2 Receivables from Non-exchange Transactions</b>		
Balance as per 2012/13 AFS	Error	6 639 638
Receivables incorrectly classified as from exchange transactions	Error	-3 005 115
		<u>3 634 523</u>
<b>35.3 Property, Plant and Equipment</b>		
Restatement of Accumulated Depreciation	Change in estimate	-603 163 292
Restatement of Cost - Land and Buildings	Change in estimate	9 567 000
Restatement of Cost - Infrastructure Assets	Change in estimate	622 411 010
		<u>28 814 718</u>
<b>35.4 Accumulated Surplus/Deficit</b>		
<b>Adjustment to balances at June 2012</b>		
The effect of adjustments to PPE	Change in estimate	39 985 686
Change in Depreciation	Change in estimate	-11 170 968
		<u>28 814 718</u>
<b>35.5 Receivables from Non-Exchange transactions</b>		
Overstatement of Payments made in advance	Error	-19 950
Overstatement of Sundry deposits	Error	-110 610
Overstatement of Accruals	Error	-84 445
Understatement of Sundry debtors	Error	111 309
		<u>-103 696</u>

**36 CORRECTION OF ERROR, CHANGES IN ACCOUNTING POLICIES and RECLASSIFICATIONS**

The municipality processed corrections of errors identified in the current year that relate to the prior year. The comparative information has been adjusted accordingly. Please refer to note 35 for the quantitative effect of such adjustments.

**36.1 Restatement of Property, Plant and Equipment**

The depreciation method and estimated useful lives of property, plant and equipment has been reviewed by management. It was noted that the estimated useful lives have been inappropriate in the prior periods; this has led to a restatement of the net book value of property, plant and equipment in the prior period.

Infrastructure assets were revalued during the year; this has led to a restatement of the net book value of property, plant and equipment in the prior period.

**36.2 Receivables from Exchange Transactions**

Receivables were incorrectly classified as being Receivables for Non-exchange Transactions when in fact they were Payables from Exchange Transaction, this resulted in a reclassification

**36.3 Receivables from Non-exchange Transactions**

Receivables were incorrectly classified as being Receivables for Non-exchange Transactions when in fact they were Payables from Exchange Transaction, this resulted in a reclassification.

Payments made in advance and Sundry debtors were overstated for services that had already been rendered, while Sundry debtors had been understated due to refunds from suppliers.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>37. CASH GENERATED BY OPERATIONS</b>		
(Deficit) / Surplus for the Year	-10 562 586	-19 306 289
Adjustment for:		
Investment income	-6 506 498	-5 652 794
Depreciation and Amortisation	39 782 023	38 775 330
Losses / (Gains) on Disposal of Property, Plant and Equipment	146 345	42 310
Lease expenses arising from SL	-	-2 186
Contribution to Provisions - Current	-4 819 610	5 264 264
Contribution to Provisions - Non-current	-378 971	-1 574 509
Contribution to Impairment Provision	-	2 794 589
Land transferred from PPE to Non-Current Assets held for Sale	2 033 000	
Fair value adjustment to land	-586 500	-
<b>Operating surplus before working capital changes</b>	<b>19 107 203</b>	<b>20 340 715</b>
Decrease/(Increase) in Inventories	-649 203	574 266
Decrease/(Increase) in Non-Current Assets Held-for-Sale	-2 060 922	-
Decrease/(Increase) in Receivables	2 504 986	3 317 614
Increase/(Decrease) in Creditors	-10 242 448	3 337 145
Increase/(Decrease) in Conditional Grants Liability	7 712 433	-49 289
Increase/(Decrease) in VAT Payable	1 701 468	1 563 798
<b>Cash generated by / (utilised in) Operations</b>	<b>18 073 517</b>	<b>29 084 249</b>

**38. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**38.1 Unauthorised Expenditure**

To management's best of knowledge no Unauthorised Expenditure was incurred during the year under review.

Reconciliation of Unauthorised Expenditure:

Opening balance	15 196 121	120 476
Unauthorised Expenditure current year	20 092 174	15 075 645
Approved by Council or condoned	-15 196 121	-
<b>Unauthorised Expenditure awaiting authorisation</b>	<b>20 092 174</b>	<b>15 196 121</b>

<i>Budgeted votes exceeded:-</i>	<i>Amount</i>	<i>Status</i>
VOTE 6: PROVISION FOR EMPLOYEE COST	R 182 799	To be condoned by Council
VOTE 10: BAD DEBTS	R 5 323 435	To be condoned by Council
VOTE 14: DEPRECIATION	R 14 264 753	To be condoned by Council
VOTE 40: VEHICLE EXPENSES	R 321 188	To be condoned by Council

**38.2 Fruitless and Wasteful Expenditure**

Fruitless and wasteful expenditure was R13 814 for the year(2013 - R nil).

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	38 737	38 737
Fruitless and Wasteful Expenditure current year	13 814	-
<b>Fruitless and Wasteful Expenditure awaiting condonement</b>	<b>52 551</b>	<b>38 737</b>



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014  
R

2013  
R

**38. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (Continued)**

**38.3 Irregular Expenditure**

Irregular expenditure to the value of R 1 049 369 (2013 - R 347 525) has been identified during the current year.

Reconciliation of Irregular Expenditure:

Opening balance	1 279 128	931 603
Irregular Expenditure current year	1 049 369	347 525
Written off by Council	-1 279 128	-
Irregular Expenditure awaiting write-off	<u>1 049 369</u>	<u>1 279 128</u>

Incident	Disciplinary Steps / Criminal Proceedings
Supplier did no submit declaration of interest, declaration was submitted. However, this irregular expenditure still stands as these services were rendered before appropriate approval was obtained - R2,250 (2013: R0)	Under Investigation. To be submitted to Council for condonement.
Awards to suppliers in the services of the state - R902,443 (2013: R0)	Under Investigation. To be submitted to Council for condonement.
Supplier with highest points not selected - R144,676 (2013: R0)	Under Investigation. To be submitted to Council for condonement.

Internal investigations into the reasons for the irregular expenditure are underway, before the issues are handed over to legal to be dealt with further.

**39. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**39.1 Contributions to organised local government - SALGA**

Council Subscriptions	603 217	453 457
Amount Paid - current year	-603 217	-453 457
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

**39.2 Audit Fees**

Current year Audit Fee	3 672 263	2 357 430
Amount Paid - current year	-3 672 263	-2 357 430
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

**39.3 VAT**

The net of VAT input payables and VAT output receivables are shown in Note 16. All VAT returns have been submitted by the due date throughout the year.

**39.4 PAYE, Skills Development Levy and UIF**

Current year Payroll deductions	5 979 943	4 706 396
Amount Paid - current year	-5 979 943	-4 706 396
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

**39.5 Pension and Medical Aid Deductions**

Current year Payroll deductions and Council Contributions	14 182 760	14 182 760
Amount Paid - current year	-14 182 760	-14 182 760
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014  
R

2013  
R

**39 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)**

**39.6 Councillor's arrear Consumer Accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at:

	Total	Outstanding up to 90 days	Outstanding more than 90 days
<b>30 June 2014</b>			
<b>Rates and Services</b>			
Councillor S Van Zyl	334	334	-
Councillor IJ Van Zyl	195	195	-
Councillor AR Knott-Craig	506	506	-
Councillor MB Meishik	5 201	2 063	3 138
Councillor AD Gradwell	5 880	1 323	4 557
Councillor H Makoba	2 034	2 034	-
Councillor JD Swemmer	99	99	-
Councillor EA Ruiters	99	99	-
Councillor AF Pannies	-869	-869	-
Councillor DJ Coetzee	278	278	-
Councillor SJ Jankovich	10 892	302	10 590
<b>Overpaid Allowances</b>			
Councillor A Booysen	30 009	-	30 009
Councillor AR Knott-Craig	8 548	-	8 548
	<u>63 206</u>	<u>6 364</u>	<u>56 842</u>
<b>30 June 2013</b>			
<b>Rates and Services</b>			
Councillor Van Zyl	431	431	-
Councillor S Jankovich	10 222	4 552	5 670
Councillor AR Knott-Craig	491	491	-
Councillor M Block	370	370	-
Councillor MB Meishik	1 373	-117	1 490
Councillor AD Gradwell	12 791	1 486	11 305
Councillor H Makoba	737	737	-
Councillor AF Pannies	1 072	1 072	-
Councillor DJ Coetzee	701	701	-
<b>Overpaid Allowances</b>			
Councillor A Booysen	32 083	-	32 083
Councillor M Block	25 479	-	25 479
Councillor AR Knott-Craig	15 350	-	15 350
<b>Total Councillor Arrear Consumer Accounts</b>	<u>101 100</u>	<u>9 723</u>	<u>91 377</u>

**39.7 Non-Compliance with the Municipal Finance Management Act**

Instance of non-compliance with the MFMA relate to Irregular, Fruitless and Wasteful Expenditure.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014                      2013  
R                              R

**39 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)**

**39.8 Deviation from, and ratification of minor breaches of, the Procurement Processes**

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Applicable SCM policy guideline	Date	Successful Tenderer	Reason	Amount
39(1)(a)(i)	Year 2013/14	Various occasions (17)	Emergency in terms of Camdeboo Municipality SCM Policy	348 119
39(1)(a)(ii)	Year 2013/14	Various occasions (195)	Sole provider of goods and services/Agents/ Limited suppliers within area.	2 868 075
39(1)(a)(v)	Year 2013/14	Various occasions (54)	Any exceptional case where it is impractical or impossible to follow the official procurement processes. Quotations that were advertised or asked for, but were unable to obtain three (3) quotations.	1 035 467
11(2)	Year 2013/14	Various occasions (5)	Procurement from an organ of state	63 208

**39.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA**

Material Electricity and Water Losses were as follows and are not recoverable:

**Electricity:**

		Lost Units	Cost per Kwh	Value
30 June 2014	Unaccounted Electricity Losses	7 312 091	0.52	3 802 287
30 June 2013	Unaccounted Electricity Losses	3 496 233	0.4281	1 496 904

Electricity Losses occur due to *inter alia*, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported. The losses relate as follows, 95% are technical losses which amounts to R 3 612 173 (2013: R 1 422 059) and 5% are non-technical losses which amounts to R 190 114 (2013: R 74 845)

**Water:**

		Lost Units	Tariff	Value
30 June 2014	Unaccounted Water Losses	1 869 110	4.11	7 682 044
30 June 2013	Unaccounted Water Losses	1 687 234	4.6961	7 923 376

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported. The losses relate as follows, 95% are technical losses which amounts to R 7 297 942 (2013: R 7 527 208) and 5% are non-technical losses which amounts to R 384 102 (2013: R 396 169)

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	2014 R	2013 R
<b>40. COMMITMENTS FOR EXPENDITURE</b>		
<b>40.1 Capital Commitments</b>		
Commitments in respect of Capital Expenditure:		
- <b>Approved and Contracted for:-</b>	<b>15 061 614</b>	<b>23 349 171</b>
Infrastructure	11 289 986	15 611 412
Community	349 594	-
Other	3 422 034	7 737 759
- <b>Approved but Not Yet Contracted for:-</b>	-	-
Infrastructure	-	-
Community	-	-
Other	-	-
<b>Total Capital Commitments</b>	<b>15 061 614</b>	<b>23 349 171</b>
This expenditure will be financed from:		
Government Grants	10 697 210	13 789 818
Own Resources	4 364 404	9 559 353
	<b>15 061 614</b>	<b>23 349 171</b>

**40.2 Lease Commitments - Amounts payable under Operating Leases**

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

<b>Other Equipment:</b>	1 280 984	1 782 749
Up to 1 year	1 280 984	1 258 269
2 to 5 years	-	524 480
More than 5 years	-	-
<b>Total Operating Lease Arrangements</b>	<b>1 280 984</b>	<b>1 782 749</b>

**40.2 Lease Commitments - Amounts payable under Operating Leases (Continued)**

	2014 R	2013 R
The following expenses have been recognised in the Statement of Financial Performance:		
Operating expenditure	733 789	733 789
<b>Total Operating Lease Expenses</b>	<b>733 789</b>	<b>733 789</b>

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Office Equipment

The following restrictions have been imposed on the municipality in terms of the lease agreements on Office Equipment:

- (i) The equipment shall remain the property of the lessor.
- (ii) The hirer shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the equipment.
- (iii) The equipment shall be returned in good order and condition to the lessor upon termination of the agreement.
- (iv) The municipality is obliged to enter into a maintenance agreement with the lessor for the equipment rented.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

		2014 R	2013 R
<b>41. FINANCIAL INSTRUMENTS</b>			
<b>41.1 Classification</b>			
<b>FINANCIAL ASSETS:</b>			
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:			
<u>Financial Assets</u>	<u>Classification</u>	2014 R	2013 R
<b>Receivables from Exchange Transactions</b>			
Electricity	Amortised cost	11 560 555	9 573 813
Refuse	Amortised cost	4 175 439	3 030 703
Sewerage	Amortised cost	9 084 907	5 941 280
Water	Amortised cost	19 884 294	14 392 493
Other Receivables	Amortised cost	5 482 672	6 045 640
<b>Receivables from Non-exchange Transactions</b>			
Assessment Rates Debtors	Amortised cost	1 374 354	3 605 488
Accruals	Amortised cost	-	-
Sundry Deposits	Amortised cost	100 000	100 000
Sundry Debtors	Amortised cost	1 293 294	609 333
Government Subsidy	Amortised cost	-7 479 105	-
<b>Cash and Cash Equivalents</b>			
Call Deposits	Amortised cost	29 658 401	33 926 738
Bank Balances	Amortised cost	-1 842 499	6 285 155
Cash Floats and Advances	Amortised cost	2 140	2 140
<b>SUMMARY OF FINANCIAL ASSETS</b>			
Receivables from Exchange Transactions	Electricity	11 560 555	9 573 813
Receivables from Exchange Transactions	Refuse	4 175 439	3 030 703
Receivables from Exchange Transactions	Sewerage	9 084 907	5 941 280
Receivables from Exchange Transactions	Water	19 884 294	14 392 493
Receivables from Exchange Transactions	Other Debtors	5 482 672	6 045 640
Receivables from Non-exchange Transactions	Assessment Rates Debtors	1 374 354	3 605 488
Receivables from Non-exchange Transactions	Payments made in Advance	603 217	434 497
Receivables from Non-exchange Transactions	Accruals	-	-
Receivables from Non-exchange Transactions	Sundry Deposits	100 000	100 000
Receivables from Non-exchange Transactions	Sundry Debtors	1 293 294	609 333
Receivables from Non-exchange Transactions	Government Subsidy	-7 479 105	-
Cash and Cash Equivalents	Call Deposits	29 658 401	33 926 738
Cash and Cash Equivalents	Bank Balances	-1 842 499	6 285 155
Cash and Cash Equivalents	Cash Floats and Advances	2 140	2 140
<b>Total Financial Assets</b>		<u>73 897 669</u>	<u>83 947 280</u>
<b>FINANCIAL LIABILITIES:</b>			
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:			
<u>Financial Liabilities</u>	<u>Classification</u>	2014 R	2013 R
<b>Consumer Deposits</b>	Amortised cost	1 881 244	1 466 482
<b>Payables from Exchange Transactions</b>			
Trade Creditors	Amortised cost	2 551 182	7 116 563
Retentions	Amortised cost	37 932	330 867
Other Creditors	Amortised cost	115 714	1 046 545
<b>Payables from Non-exchange Transactions</b>			
Sundry Deposits	Amortised cost	-	912 169

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014  
R

2013  
R

**41. FINANCIAL INSTRUMENTS (Continued)**

**41.1 Classification (Continued)**

**41.2 Capital Risk Management**

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 20 and the Statement of Changes in Net Assets.

**Gearing Ratio**

The gearing ratio at the year-end was as follows:

	2014 R	2013 R
Debt	51 485 136	55 415 841
Cash and Cash Equivalents	-29 660 541	-40 214 033
Net Debt	<u>21 824 595</u>	<u>15 201 808</u>
Equity	<u>670 655 510</u>	<u>681 209 568</u>
Net debt to equity ratio	<u>3%</u>	<u>2%</u>

Debt is defined as Long- and Short-term Liabilities.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

**41.3 Financial Risk Management Objectives**

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

**Market Risk**

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014	2013
R	R

**41. FINANCIAL INSTRUMENTS (Continued)**

**41.4 Significant Risks (Continued)**

**Credit Risk**

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

**Liquidity Risk**

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

**41.5 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

**41.6.1 Foreign Currency Risk Management**

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

**41.6.2 Interest Rate Risk Management**

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

Long-term Receivables and Other Debtors are individually evaluated annually at Reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

**Interest Rate Sensitivity Analysis**

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out below:

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014	2013
R	R

**41. FINANCIAL INSTRUMENTS (Continued)**

**41.6.2 Interest Rate Risk Management (Continued)**

**Cash and Cash Equivalents:**

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2014 would have increased / decreased by R nil (30 June 2013: increased / decreased by R nil). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

**41.7 Credit Risk Management**

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, Cash and Bank.

**Investments/Bank, Cash and Cash Equivalents**

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank, Investec and Standard Bank. No investments with a tenure exceeding twelve months are made.

**Trade and Other Receivables**

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014  
R

2013  
R

**41. FINANCIAL INSTRUMENTS (Continued)**

**41.7 Credit Risk Management (Continued)**

The table below shows the balance of the 5 major counterparties at the Reporting date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties.

Counterparty and Location	30 June 2014		30 June 2013	
	Credit Limit R	Carrying Amount R	Credit Limit R	Carrying Amount R
ALLIANCE INTERNET	-	1 215 424	-	978 844
NURSING KOSHUIS	-	652 755	-	175 931
P.J. LATEGAN	-	576 918	-	3 071
SPANDAU KOSHUIS	-	560 665	-	147 993
NATIONAL PUBLIC WORKS	-	477 333	-	385 830

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Consumer Debtors	25 166 162	18 813 590
Other Debtors	6 675 207	12 539 718
Bank, Cash and Cash Equivalents	27 818 042	40 214 033

**Maximum Credit and Interest Risk Exposure**

<b>59 659 411</b>	<b>71 567 341</b>
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The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Consumer Debtors:		
- Household	15%	11%
- Industrial / Commercial	8%	6%
- National and Provincial Government	47%	36%
Other Debtors:		
- Other not Classified	7%	3%
<b>Total Credit Risk</b>	<b>61%</b>	<b>56%</b>

**Bank and Cash Balances**

ABSA Bank Ltd	5 121 799	438 619
Nedbank	20 026 740	-
Investec	52 586	22 659 701
First National Bank	2 614 777	17 113 573
Cash Equivalents	2 140	2 140

**Total Bank and Cash Balances**

<b>27 818 042</b>	<b>40 214 033</b>
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**Credit quality of Financial Assets:**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

**Receivables from Exchange Transactions**

Counterparties without external credit rating:-

Group 1	6 816 960	7 542 767
Group 2	984 551	1 089 377
	<b>7 801 511</b>	<b>8 632 144</b>

**Total Receivables from Exchange Transactions**

<b>7 801 511</b>	<b>8 632 144</b>
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**Receivables from Non-exchange Transactions**

Group 1	4 670 115	1 653 858
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**Total Receivables from Non-exchange Transactions**

<b>4 670 115</b>	<b>1 653 858</b>
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**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

2014	2013
R	R

**41. FINANCIAL INSTRUMENTS (Continued)**

***41.7 Credit Risk Management (Continued)***

**Credit quality Groupings:**

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**41. FINANCIAL INSTRUMENTS (Continued)**

**41.8 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 46 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

**Liquidity and Interest Risk Tables**

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate %	Total	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
<b>30 June 2014</b>								
Non-interest Bearing								
- Payables from Exchange transactions		0.00%	7 394 636	7 394 636	-	-	-	-
- Payables from Non-exchange transactions			6 655 322	6 655 322	-	-	-	-
			739 314	739 314	-	-	-	-
			<b>7 394 636</b>	<b>7 394 636</b>	-	-	-	-
<b>30 June 2013</b>								
Non-interest Bearing								
- Payables from Exchange transactions		0.00%	17 637 084	17 637 084	-	-	-	-
- Payables from Non-exchange transactions			14 002 561	14 002 561	-	-	-	-
			3 634 523	3 634 523	-	-	-	-
			<b>17 637 084</b>	<b>17 637 084</b>	-	-	-	-

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
<b>30 June 2014</b>								
Non-interest Bearing		0.00%	21 060 062	21 060 062	-	-	-	-
- Trade Receivables from Exchange Transactions			25 166 162	25 166 162	-	-	-	-
- Trade Receivables from Non-exchange Transactions			(4 108 240)	(4 108 240)	-	-	-	-
- Cash and Cash Equivalents			2 140	2 140	-	-	-	-
Variable Interest Rate Instruments		0.00%	27 815 902	27 815 902	-	-	-	-
- Call Deposits			29 658 401	29 658 401	-	-	-	-
- Bank Account			(1 842 499)	(1 842 499)	-	-	-	-
			<b>48 875 964</b>	<b>48 875 964</b>	-	-	-	-
<b>30 June 2013</b>								
Non-interest Bearing		0.00%	33 683 587	33 683 587	-	-	-	-
- Trade Receivables from Exchange Transactions			18 813 590	18 813 590	-	-	-	-
- Trade Receivables from Non-exchange Transactions			14 867 857	14 867 857	-	-	-	-
- Cash and Cash Equivalents			2 140	2 140	-	-	-	-
Variable Interest Rate Instruments		0.00%	40 211 893	40 211 893	-	-	-	-
- Call Deposits			33 926 738	33 926 738	-	-	-	-
- Bank Account			6 285 155	6 285 155	-	-	-	-
			<b>73 895 480</b>	<b>73 895 480</b>	-	-	-	-

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**41.9 Effective Interest Rates and Repricing Analysis**

In accordance with GRAP 104 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2014

Description	Note ref in AFS	Average effective Interest Rate %	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	6		29 658 401	29 658 401	-	-	-	-
Bank Balances and Cash	6		(1 840 359)	(1 840 359)	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>27 818 042</b>	<b>27 818 042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

30 June 2013

Description	Note ref in AFS	Average effective Interest Rate %	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
<b>VARIABLE RATE INSTRUMENTS</b>								
Short-term Investment Deposits	6		33 926 738	33 926 738	-	-	-	-
Bank Balances and Cash	6		6 287 295	6 287 295	-	-	-	-
<b>Total Fixed Rate Instruments</b>			<b>40 214 033</b>	<b>40 214 033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**41.10 Other Price Risks**

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.



**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**42. RELATED PARTY TRANSACTIONS**

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

**42.1 Interest of Related Parties**

Councillors and/or management of the municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
Hendina Meyer	Program Operator	Meyer Transport belongs to her husband
Alfred Pannies	Councillor	JVB Caterers - Wife
Christine Smal	Salary Accountant	XTT - Son - in - Law
Clive Warner	Assistant Manager	Electrical Motor Rewinders - Son
Maryna Minnie	Senior Clerk: Administration	Tinnus Minnie Electrical - Spouse
Ivan Jaftha	Law Enforcement Officer	Jaftha Transport - Owner
Logan Cudjoe	Expenditure	RAC Transport - Spouse
Hanna Makoba	Mayor	New Horizon Sewing Project
Marie Fichet	Senior Administration	Guest House - Owner
Christopher Nash	ICT Officer	Netapes - Owner

**42.2 Services rendered to Related Parties**

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
<b>For the Year ended 30 June 2014</b>				
Councillors	12 806	104 352	57 421	63 207
Municipal Manager and Section 57 Personnel	4 877	21 576	37 343	8 662
<b>Total Services</b>	<b>17 683</b>	<b>125 928</b>	<b>94 764</b>	<b>71 869</b>
<b>For the Year ended 30 June 2013</b>				
Councillors	12 953	107 995	28 831	101 100
Municipal Manager and Section 57 Personnel	4 867	22 154	22 349	3 327
<b>Total Services</b>	<b>17 820</b>	<b>130 149</b>	<b>51 180</b>	<b>104 427</b>

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

**42.3 Purchases from Related Parties**

The municipality bought goods from the following companies, which are considered to be Related Parties:

Company Name	Related Person	Company Capacity	Municipal Capacity	Purchases for the Year 2014	Purchases for the Year 2013
XTT	Christine Smal	Son	Official	60 706	62 857
JVB Caterers	Alfred Pannies	Spouse	Councillor	2 250	-
Electrical Motor Rewinders	Clive Warner	Son	Official	2 470	18 033
Jaftha Transport	Ivan Jaftha	Owner	Official	5 500	-
<b>Total Purchases</b>				<b>70 926</b>	<b>80 890</b>

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

**CAMDEBOO MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**43. CONTINGENT LIABILITIES**

**43.1 Guarantees:**

60 000

60 000

The Camdeboo Municipality has R60 000 guarantees at First National Bank ceded to Department of Mineral and Energy for the rehabilitation of the quarries.

**43.2 Court Proceedings:**

122 000

122 000

(i) Dispute on Training : C B Williams

C B Williams instituted a claim against the municipality in the amount of R 25 567 relating to training provided. The municipality did not contract the services of CB Willemse for the training. The outcome of the case seems to be that CB Willemse is not proceeding with same.

6 000

6 000

(ii) The Wedge

The liability on the improvement to the property is currently under dispute.

16 000

16 000

(iii) Amatenda Housing Development

Housing developments for low income was done on municipal property. The developers are in liquidation and a dispute has arisen.

100 000

100 000

**44. IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any In-kind Donations and Assistance during the year under review.

**45. PRIVATE PUBLIC PARTNERSHIPS**

The municipality was not a party to any Private Public Partnerships during the year under review.

**46. EVENTS AFTER THE REPORTING DATE**

No events having financial implications requiring disclosure occurred subsequent to 30 June 2014.

**47. COMPARATIVE FIGURES**

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 35 and 36).

**48. GOING CONCERN ASSESSMENT**

Management considered the following matters relating to the Going Concern:

(i) On 27 May 2014 the Council adopted the 2014/15 to 2017/18 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by weekly and monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

## APPENDIX A (UNAUDITED)

Description	Cost / Revaluation						Accumulated Depreciation / Impairment				Carrying Value		
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals		Closing Balance	
													R
Land and Buildings	R	R	R	R	R	R	R	R	R	R	R	R	R
	Land:												
	Re-classification	10 435 000	-	-	-	-	10 435 000	-	-	-	-	-	10 435 000
	Land: Developed	9 640 030	-	-	-	-	9 640 030	-	-	-	-	-	9 640 030
	Land: Undeveloped	79 786 250	-	-	(1 446 500)	-	78 339 750	-	-	-	-	-	78 339 750
	99 861 280	-	-	(1 446 500)	-	98 414 780	-	-	-	-	-	98 414 780	
Buildings:													
	Re-classification	6 063 159	-	-	-	-	6 063 159	3 358 526	-	-	-	3 358 526	2 704 633
	Stores	210 800	-	-	-	-	210 800	180 273	4 575	-	-	184 848	25 952
	Houses	77 200	-	-	-	-	77 200	36 037	3 681	-	-	39 719	37 481
	Office Buildings	3 997 700	-	-	-	-	3 997 700	2 231 267	150 721	-	-	2 381 988	1 615 712
Office Parks	12 791 570	-	-	-	-	12 791 570	10 722 534	195 786	-	-	-	10 918 319	1 873 251
	23 140 429	-	-	-	-	23 140 429	16 528 637	354 763	-	-	-	16 883 400	6 257 029
	123 001 709	-	-	(1 446 500)	-	121 555 209	16 528 637	354 763	-	-	-	16 883 400	104 671 809
Infrastructure													
	Re-statement	573 074 499	-	-	-	-	573 074 499	605 048 532	-	-	-	605 048 532	(31 974 033)
	Airports:												
	Aprons	38 193	-	-	-	-	38 193	-	10 770	-	-	10 770	27 423
	Radio Beacons	2 540 624	-	-	-	-	2 540 624	-	45 342	-	-	45 342	2 495 282
Runways	12 302 799	-	-	-	-	12 302 799	-	278 726	-	-	-	278 726	12 024 073
Electricity:													
	Cooling Towers - M	8 000	-	-	-	-	8 000	6 934	533	-	-	7 468	532
	Sundries - M	165	-	-	-	-	165	161	11	-	-	172	(7)
		14 541 253	-	(2 288 540)	-	-	12 252 713	1 864 059	7 093	-	-	1 871 152	10 381 561
	Sundries	1 285 411	-	-	-	-	1 285 411	193 763	113 758	-	-	307 521	977 890
	Generators - M	1 801 897	-	-	-	-	1 801 897	798 603	1 137 58	-	-	798 603	1 003 294
	Meters	42 885 798	949 977	-	-	-	43 835 775	220 103	1 217 873	-	-	1 437 976	42 397 798
	Substations - M	17 618 135	-	-	-	-	17 618 135	2 233 151	-	-	-	2 233 151	15 384 984
	Substations	32 955 042	-	-	-	-	34 833 147	3 070 670	-	-	-	3 070 670	31 762 477
	Supply and Reliculation	440 738	-	1 878 105	-	-	440 738	63 932	-	-	-	63 932	376 806
	Transformers - M	4 680 970	-	-	-	-	4 680 970	449 013	35 637	-	-	484 650	4 196 320
	Transformers	8 424 333	499 793	1 609 425	-	-	10 533 551	868 689	1 554 777	-	-	2 423 466	8 110 085
	High Voltage Lines	39 294 647	454 743	92 561	-	-	39 841 951	4 237 781	3 135 655	-	-	7 373 436	32 468 515
	Low voltage Lines												
	Pedestrian Malls:												
Kerbing		13 357 724	-	-	-	-	13 357 724	1 807 291	-	-	-	1 807 291	11 550 433
Paving		2 354 807	-	-	-	-	2 354 807	52 329	-	-	-	52 329	2 302 478
Roads and Transport:													
	Bridges, Subways and Culverts	14 341 485	-	-	-	-	14 341 485	555 742	256 231	-	-	811 973	13 529 512
	Roads: Asphalt	185 277 678	1 408 883	322 690	-	-	187 009 251	24 836 074	9 372 297	-	-	34 208 371	152 800 880
	Roads: Paved	-	-	1 828 116	-	-	1 828 116	-	-	-	-	1 828 116	-
	Stormwater	41 069 043	71 000	16 262	-	-	41 156 304	4 246 386	349 601	-	-	4 595 987	36 560 317
Streetname Signs	8 918 699	-	-	-	-	8 918 699	1 241 793	-	-	-	-	1 241 793	7 676 906
	Streetname Signs	199 179	-	-	-	-	199 179	67 165	-	-	-	67 165	132 014
	Railway Sidings	12 776 141	-	-	-	-	12 776 141	1 447 832	102 749	-	-	1 550 581	11 225 560

**APPENDIX A (UNAUDITED)**  
**CAMDEBOO MUNICIPALITY**

**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014**

Description	Cost / Revaluation										Accumulated Depreciation / Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance				
	R	R	R	R	R	R	R	R	R	R	R	R	R		
Sanitation: Compacting Stations Landfill Sites  Security Measures: Access Control - M Fencing Security Systems - M  Sewerage: Bulk Pipelines Pumping Stations - M Pumping Stations Pumps - M Pumps Purification Works Sewers / Reticulation  Water: Boreholes Bulk Supply Dams Meters - M Pumping Stations Purification Plant Reservoirs and Tanks Metalwork - M Supply and Reticulation Telemetry Systems	- 4 036 241	7 525 988 -	383 950 (873 845)	- -	- -	7 909 938 3 162 396	- 461 916	20 001 105 932	- -	- -	20 001 567 848	7 889 937 2 594 548			
	267 117 2 508 949 88 745	- - -	- - -	- - -	- - -	267 117 2 508 949 88 745	118 118 125 158 26 906	53 175 - 988	- - -	- - -	171 293 125 158 27 894	95 823 2 383 791 60 851			
	9 086 184 255 205 24 930 305 497 960 -	5 535 480 - 1 946 480 - -	- - 377 142 - (77 782)	- - - - -	- - - - -	14 621 664 255 205 27 253 927 497 960 (77 782)	835 987 54 724 3 324 593 53 846 -	2 221 - 794 966 21 038 -	- - - - -	- - - - -	838 208 54 724 4 119 559 74 884 -	13 783 456 200 481 23 134 368 423 076 (77 782)			
	32 533 851 41 980 809	6 210 595 2 549 427	- (1 281 836)	- -	- -	38 744 445 43 248 400	4 407 847 2 917 746	1 383 605 6 364 506	- -	- -	5 791 452 9 282 252	32 952 993 33 966 148			
	- 10 421 036 33 401 611 -	699 675 - -	- (3 105 759)	- -	- -	699 675 7 315 277 33 401 611	- 1 894 883 3 250 081	547 031 3 152 659 -	- -	- -	547 031 5 047 542 3 250 081	152 644 2 267 735 30 151 529			
	103 693 4 449 755 11 925 449	69 483 - -	- -	- -	- -	173 176 4 449 755 11 925 449	10 852 942 932 1 863 702	59 247 3 469 065 437 508	- -	- -	70 099 4 411 997 2 301 210	103 078 37 757 9 624 240			
	- 41 732 -	6 559 862 - -	430 201 -	- -	- -	6 990 063 41 732	- 19 321	1 866 354 8 908	- -	- -	1 866 354 28 229	5 123 709 13 503			
	Supply and Reticulation Telemetry Systems	- -	2 270 719 199 908	316 191 -	- -	- -	2 586 909 199 908	- -	- -	- -	- -	2 586 909 199 908			
		1 206 715 900	36 952 012	(373 121)	-	-	1 243 294 792	673 618 613	34 768 259	-	-	708 386 872	534 907 920		
	Community Assets Re-classification Recreational Facilities: Museums and Art Galleries Work of Art Parks - Inf Recreation Centres  Sports Facilities: Stadiums Stadiums  Other Facilities: Cemeteries Community Centres Libraries Municipal Pounds	(10 363 076)	- - - - -	- - - - -	- - - - -	- - - - -	(10 363 076) 141 100 2 358 171 790 2 089 636	(3 446 978) 127 297 1 975 5 872 1 921 179	- (134 050) 48 - 59 319	- -	- -	(3 446 978) (6 753) 2 023 5 872 1 980 498	(6 916 098) 147 853 335 165 919 109 138		
4 994 778 5 340 819		- -	- -	- -	- -	4 994 778 5 340 819	138 847 3 308 301	- 128 922	- -	- -	138 847 3 437 222	4 855 931 1 903 597			
775 000 11 807 100 3 736 600 93 860		- - - -	- - - -	- - - -	- - - -	775 000 11 807 100 3 736 600 93 860	- 9 221 933 3 066 435 3 129	- 147 005 51 001 -	- -	- -	- 9 368 938 3 117 437 3 129	775 000 2 438 162 619 163 90 731			
18 789 965		-	-	-	-	18 789 965	14 347 990	252 245	-	-	14 600 234	4 189 731			





**APPENDIX A (UNAUDITED)**  
**CAMDEBOO MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment						Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	
CAMDEBOO MUNICIPALITY													
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2014													
Description	Cost / Revaluation						Accumulated Depreciation / Impairment						Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
Investment Properties	R	R	R	R	R	R	R	R	R	R	R	R	
	105 700	-	-	-	-	105 700	-	-	-	-	-	105 700	
	352 800	-	-	-	-	352 800	246 984	11 758	-	-	258 742	94 058	
	458 500	-	-	-	-	458 500	246 984	11 758	-	-	258 742	199 758	

**CAMDEBOO MUNICIPALITY**  
**ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2014**

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	
	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets											
Computer Software	44 899	1 995	-	-	-	46 894	9 812	5 414	-	-	15 226
	44 899	1 995	-	-	-	46 894	9 812	5 414	-	-	15 226
											31 669
											31 669

**CAMDEBOO MUNICIPALITY**  
**ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2014**

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	
Heritage Assets Buildings of cultural significance Museum	R	R	R	R	R	R	R	R	R	R	R
	1 311 800	-	-	-	-	1 311 800	-	-	-	-	-
	1 058 200	-	-	-	-	1 058 200	-	-	-	-	-
	2 370 000	-	-	-	-	2 370 000	-	-	-	-	-
Total Asset Register	1 392 469 714	37 633 150	(373 121)	(1 446 500)	(394 592)	1 427 888 651	722 910 463	39 667 387	-	(248 247)	762 329 603
											665 559 047

**APPENDIX B (UNAUDITED)**  
**CAMDEBOO MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2014**

Description	Cost / Revaluation				Accumulated Depreciation / Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	
	R	R	R	R	R	R	R	R	R
Executive and Council	3 927 928	5 770 869	(20)	(2 023)	9 696 754	2 322 306	41 983	(1 272)	2 363 017
Finance and Administration	181 468 069	1 323 560	(47 983)	(51 989)	182 691 657	102 430 949	5 282 965	(32 708)	107 681 206
Planning and Development	12 242 477	19 038 267	(3 060)	(3 664)	31 274 020	9 381 692	374 071	(2 305)	9 753 458
Health	981 229	2 857	(261)	(280)	983 544	651 193	28 509	(176)	679 526
Community and Social Services	71 543 945	8 189 075	(19 328)	(20 136)	79 693 557	41 493 162	2 129 195	(12 668)	43 609 689
Housing	-	-	-	-	-	-	-	-	-
Public Safety	10 536 195	31 426	(2 873)	(8 180)	10 556 569	6 216 435	379 875	(5 146)	6 591 164
Sport and Recreation	14 070 782	25 712	(2 351)	-	14 094 143	3 805 368	238 822	-	4 044 190
Environmental Protection	-	-	-	-	-	-	-	-	-
Waste Management	236 557 431	698 724	(63 878)	(66 602)	237 125 675	121 418 890	7 017 110	(41 901)	128 394 099
Roads and Transport	521 409 653	1 546 826	(141 413)	(146 260)	522 668 806	260 731 713	15 369 087	(92 015)	276 008 785
Water	177 750 173	516 289	(47 200)	(50 748)	178 168 514	85 956 169	5 217 621	(31 927)	91 141 863
Electricity	161 981 833	489 545	(44 755)	(44 712)	162 381 911	88 498 189	5 039 046	(28 129)	93 509 106
Other	-	-	-	-	-	-	-	-	-
Total	1 392 469 715	37 633 151	(373 121)	(394 594)	1 429 335 151	722 906 065	41 118 286	(248 247)	763 776 103
									665 559 047



**APPENDIX C (UNAUDITED)**  
**CAMDEBOO MUNICIPALITY**

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**

2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)	Description	Vote Number	2014 Actual Income	2014 Budgeted Income	2014 Actual Expenditure	2014 Budgeted Expenditure	2014 Surplus/ (Deficit)
R	R	R			R	R	R	R	R
2 569 730	7 703 841	(5 134 111)	Executive and Council		2 470 012	1 926 745	10 555 375	11 761 969	(8 085 364)
64 898 134	21 829 931	43 068 202	Finance and Administration		60 415 853	66 210 757	19 534 741	33 051 020	40 881 112
238 993	1 163 596	(924 603)	Planning and Development		-	-	732 357	933 779	(732 357)
1 031 324	1 498 353	(467 029)	Health		987 997	1 056 000	1 401 488	1 718 882	(413 491)
1 859 159	1 871 543	(12 384)	Community and Social Services		131 549	181 432	1 888 204	1 900 254	(1 756 655)
4 270	(558 647)	562 917	Housing		3 993	4 484	1 175 853	1 095 998	(1 171 860)
2 403 220	4 252 920	(1 849 700)	Public Safety		2 548 327	2 854 746	4 240 260	4 498 198	(1 691 933)
67 765	9 407 108	(9 339 343)	Sport and Recreation		62 703	94 744	9 613 721	10 498 816	(9 551 018)
-	-	-	Environmental Protection		-	-	-	-	-
8 682 870	29 628 128	(20 945 258)	Waste Management		40 451 427	29 608 196	25 560 555	21 944 517	14 890 872
1 058 637	13 438 816	(12 380 179)	Roads and Transport		244 718	242 524	25 907 370	14 736 788	(25 662 653)
17 643 550	24 461 353	(6 817 803)	Water		14 099 772	27 728 531	23 177 061	21 656 088	(9 077 289)
68 529 671	63 394 326	5 135 345	Electricity		65 679 022	77 645 569	64 405 470	72 326 923	1 273 552
508 742	10 711 084	(10 202 342)	Other		986 643	1 064 429	10 665 004	11 135 215	(9 678 360)
<b>169 496 064</b>	<b>188 802 352</b>	<b>(19 306 288)</b>	<b>Sub-Total</b>		<b>188 082 016</b>	<b>208 618 157</b>	<b>198 857 459</b>	<b>207 258 447</b>	<b>(10 775 443)</b>
			Revenue Foregone						
<b>169 496 064</b>	<b>188 802 352</b>	<b>(19 306 288)</b>	<b>Total</b>		<b>188 082 016</b>	<b>208 618 157</b>	<b>198 857 459</b>	<b>207 258 447</b>	<b>(10 775 443)</b>

# APPENDIX D (1) (UNAUDITED)

## CAMDEBOO MUNICIPALITY

### RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14						2012/13		
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R
REVENUE - STANDARD									
Governance and Administration:									
Executive and Council	1 926 745	-	1 926 745	1 926 745	2 470 012	543 267	128.20	128.20	2 569 730
Budget and Treasury Office	66 210 757	-	66 210 757	66 210 757	60 415 853	(5 794 904)	91.25	91.25	64 354 127
Corporate Services	-	-	-	-	-	-	0.00	0.00	629 972
Community and Public Safety:									
Community and Social Services	263 083	(81 651)	181 432	181 432	131 549	(49 883)	72.51	50.00	1 859 159
Sport and Recreation	10 744	84 000	94 744	94 744	62 703	(32 041)	66.18	583.61	67 765
Public Safety	2 848 294	6 452	2 854 746	2 854 746	2 548 327	(306 419)	89.27	89.47	2 403 220
Housing	4 484	-	4 484	4 484	3 993	(491)	89.05	89.05	4 270
Health	1 056 000	-	1 056 000	1 056 000	987 997	(68 003)	93.56	93.56	1 031 324
Economic and Environmental Services:									
Planning and Development	-	-	-	-	-	-	0.00	0.00	238 993
Road Transport	232 524	10 000	242 524	242 524	244 718	2 194	100.90	105.24	1 058 637
Environmental Protection	-	-	-	-	-	-	0.00	0.00	-
Trading Services:									
Electricity	72 885 569	4 760 000	77 645 569	77 645 569	65 679 022	(11 966 547)	84.59	90.11	68 529 309
Water	32 228 533	(4 500 002)	27 728 531	27 728 531	14 099 772	(13 628 759)	50.85	43.75	17 643 550
Waste Water Management	29 608 196	-	29 608 196	29 608 196	40 451 427	10 843 231	136.62	136.62	5 793 504
Waste Management	-	-	-	-	-	-	0.00	0.00	2 889 366
Other:									
Tourism	1 060 569	3 860	1 064 429	1 064 429	986 643	(77 786)	92.69	93.03	423 139
Intergovernmental & Special Projects	-	-	-	-	-	-	0.00	0.00	-
Total Revenue - Standard	208 335 498	282 659	208 618 157	208 618 157	188 082 016	(20 536 141)	90.16	90.28	169 496 064
EXPENDITURE - STANDARD									
Governance and Administration:									
Executive and Council	11 732 108	29 861	11 761 969	11 761 969	10 555 375	(1 206 594)	89.74	89.97	7 703 841
Budget and Treasury Office	33 097 500	(46 480)	33 051 020	33 051 020	19 534 741	(13 516 279)	59.10	59.02	21 912 685
Corporate Services	-	10 001 793	10 001 793	10 001 793	9 444 546	(557 247)	94.43	0.00	9 020 268
Community and Public Safety:									
Community and Social Services	1 911 115	(10 861)	1 900 254	1 900 254	1 888 204	(12 050)	99.37	98.80	2 161 225
Sport and Recreation	10 512 153	(13 337)	10 498 816	10 498 816	9 613 721	(885 095)	91.57	91.45	9 407 108
Public Safety	4 405 022	93 176	4 498 198	4 498 198	4 240 260	(257 938)	94.27	96.26	4 252 920
Housing	550 000	545 998	1 095 998	1 095 998	1 175 853	79 855	107.29	213.79	(558 647)
Health	1 741 106	(22 224)	1 718 882	1 718 882	1 401 488	(317 394)	81.53	80.49	1 498 353

# APPENDIX D (1) (UNAUDITED)

## CAMDEBOO MUNICIPALITY

### RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14						2012/13		
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R
Economic and Environmental Services: Planning and Development Road Transport Environmental Protection	921 717	12 062	933 779	933 779	732 357	(201 422)	78.43	79.46	1 163 596
	14 992 043	(255 255)	14 736 788	14 736 788	25 907 370	11 170 582	175.80	172.81	13 438 816
	-	-	-	-	-	-	0.00	0.00	-
Trading Services: Electricity Water Waste Water Management Waste Management	68 150 661	4 176 262	72 326 923	72 326 923	64 405 470	(7 921 453)	89.05	94.50	63 393 963
	20 888 394	767 694	21 656 088	21 656 088	23 177 061	1 520 973	107.02	110.96	24 461 353
	22 294 644	(350 127)	21 944 517	21 944 517	25 560 555	3 616 038	116.48	114.65	29 628 128
	-	-	-	-	-	-	0.00	0.00	
Other: Tourism Intergovernmental & Special Projects	11 004 504	(9 871 094)	1 133 410	1 133 410	1 220 458	87 048	107.68	11.09	1 318 744
		-				-	0.00	0.00	
Total Expenditure - Standard	202 200 967	5 057 468	207 258 435	207 258 435	198 857 459	(8 400 976)	95.95	98.35	188 802 353
					(137 193)				
Surplus/(Deficit) for the year	6 134 531	(4 774 809)	1 359 722	1 359 722	(10 775 443)	(12 135 165)	0.00	0.00	(19 306 289)